We make CarLife easier

Mekonomen Annual Report 2011

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Mekonomen's formal Annual Report comprises pages 20–78. Only the formal annual report has been reviewed by the company's auditors. A more detailed description of Mekonomen's operations and additional, regularly updated financial information are presented on Mekonomen's website: www.mekonomen.se

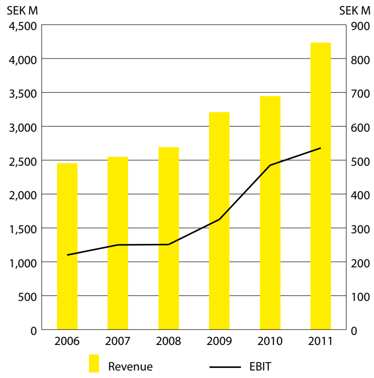
The year in brief

- Revenues rose to SEK 4,237 M (3,447).
- EBIT increased to SEK 536 M (485).
- EBIT margin amounted to 13 per cent (14).
- Profit before tax increased to SEK 523 M (485).
- Cash flow from operating activities amounted to SEK 259 M (358).
- Return on capital employed amounted to 29 per cent (49).
- Earnings per share increased to SEK 11.39 (10.95).
- Net debt amounted to SEK 580 M (12) at year-end.
- The Board of Directors proposes a dividend of SEK 8 (8).
- Mekonomen acquired Sørensen og Balchen, which operates the BilXtra automotive spare-parts chain. Through the acquisition, 73 stores and more than 200 BilXtra workshops have been added.
- The roll-out of new Mega facilities continued, including the launch of our 5,000 square-metre Mega facility at Gärdet.
- Mekonomen's concept and initiative aimed at female drivers, M by Mekonomen, was named "Retail Store of the Year 2011" when Market magazine organised its Major Retail Day in May.
- Mekonomen won the prestigious "Marketing Department of the Year" award during the Inhouse 2012 competition organised by Arkitektkopia in cooperation with Dagens Media.
- Mekonomen BilLivet was acquired. At the time of the acquisition, Mekonomen BilLivet comprised eight workshops.
- Marinshopen was acquired and a partnership was initiated with Huges Marina, whereby Marinshopen will operate four stores in connection with Huges' service and marina facilities.
- An agreement was signed to acquire Meca Scandinavia. The acquisition of Meca has been approved by the Swedish Competition Authority and is conditional upon approval from the Norwegian Competition Authority.

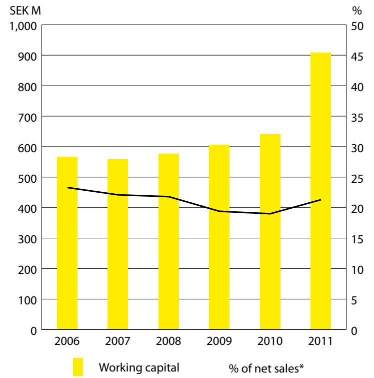
SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- In early April 2012, a reorganisation was implemented aimed at better adapting Mekonomen's organisation for further expansion.

REVENUE AND EBIT



WORKING CAPITAL



*) Net sales for Sørensen og Balchen have been restated for 12 months.

KEY FIGURES

	2011	2010	2009
Revenues, SEK M	4,237	3,447	3,206
EBIT, SEK M	536	485	325
EBIT margin, %	13	14	10
Profit for the year, SEK M	380	351	237
Earnings per share, SEK	11.39	10.95	7.38
Cash flow* per share, SEK	7.98	11.60	9.38
Dividend**, SEK	8.00	8.00	7.00
Return on shareholders' equity, %	27	37	27
Equity/assets ratio, %	51	55	59

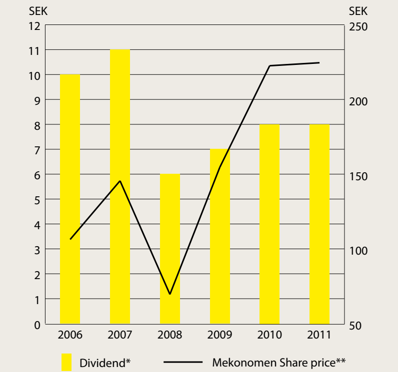
*) From continuing operations.
**) Board's proposal to the 2012 Annual General Meeting.

Mekonomen in brief

Mekonomen is the leading spare-parts chain in the Nordic region, with our own wholesale operations, more than 300 stores and 1,600 workshops operating under Mekonomen's brands. At the end of 2011, the Mekonomen Group had 334 stores, of which 230 wholly owned and 104 partnerships. The number of affiliated workshops was 1,686, of which 21 were wholly owned. Of these workshops, 1,036 operate under the Mekonomen Service Centre concept, 420 under MekoPartner, 219 under BilXtra and 11 under Speedy.

MEKONOMEN IS EXPANDING

MEKONOMEN GENERATES VALUE



*) The Board's proposal for 2011. Of which, extraordinary dividend of SEK 5.00 for 2007 and SEK 7.00 for 2006.

**) At the end of the financial year.

BUSINESS CONCEPT

With innovative concepts, high quality and an efficient logistics chain, Mekonomen offers consumers and companies' solutions for an easier CarLife.

VISION

We are the first choice for drivers and strive for an easier CarLife.

GOAL

Overall goal:

The Group shall develop with continued healthy profitability and thus generate value growth for shareholders.

Growth target:

Annual sales increase of 10 per cent. Expansion shall occur with retained financial stability.

Financial targets:

- EBIT margin shall exceed 8 per cent.
- The long-term equity/assets ratio shall be not less than 40 per cent.

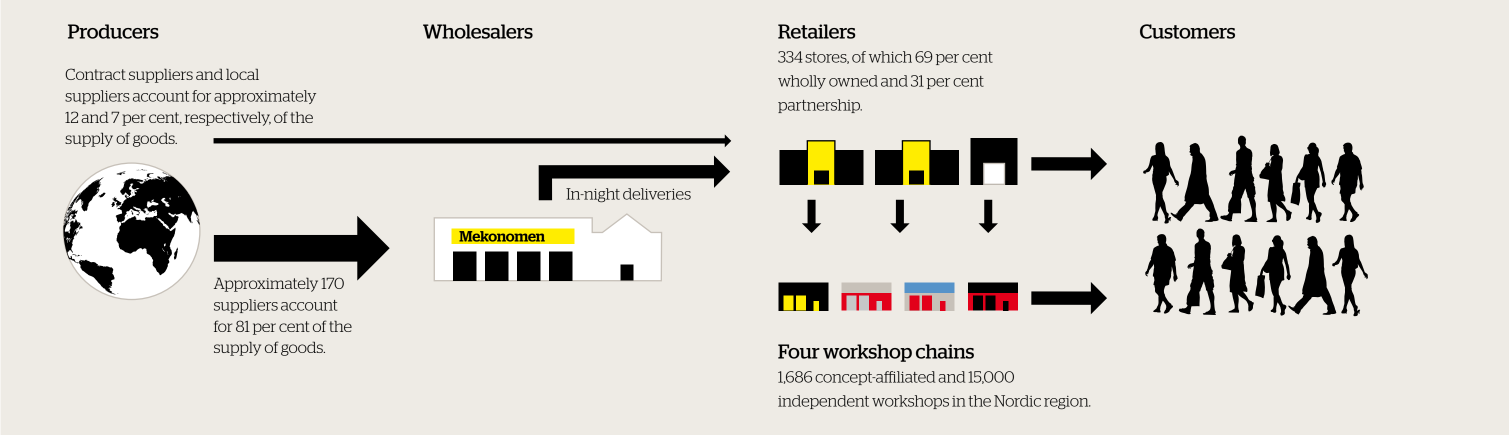
MEKONOMEN ASSUMES RESPONSIBILITY

Mekonomen assumes responsibility by contributing to a more sustainable automotive industry, with reduced environmental and climate impact and increased traffic safety.

Customers are demanding products that take the environment into consideration and offering environmentally adapted car service and care provides Mekonomen with a competitive edge in the market in which it operates. Accordingly, Mekonomen's product range includes environmentally labelled products and the company offers products made from recycled materials and imposes demands on its suppliers.

Mekonomen also focuses on developing a motivated organisation whose composition largely reflects society and aims to play an active role in creating a society where everyone's potential is utilised.

MEKONOMEN'S BUSINESS MODEL



Information on the number of stores and workshops pertains to 31 December 2011.

STRATEGIES

Mekonomen shall be associated with the concepts of good value, turnkey solutions, innovation, competency and high quality. These concepts shall permeate everything Mekonomen does to achieve the vision of being car owners' first choice and striving for an easier CarLife.

THE MEKONOMEN BRAND

The brand is one of Mekonomen's key assets. Work to develop and preserve the brand is central to Mekonomen's strategic effort.

All types of concept development and communication are based on strengthening the direction of the brand to enable Mekonomen to make CarLife easier for consumers and companies.

MOTIVATED EMPLOYEES

The Mekonomen Group has slightly more than 2,000 employees. The operation is based on common values that are summarised into five principles: customer-orientation, business-like, responsibility, competency and flexibility. Mekonomen's employees are its primary ambassadors and brand bearers.

A RANGE THAT IS CONTINUOUSLY DEVELOPING

At the central warehouse in Strängnäs, there are approximately 67,000 articles for some 9,000 car models, as well as a broad range of marine spare parts, accessories for leisure boats and spare parts for snowmobiles. In Norway, Sørensen og Balchen has a central warehouse in Oslo, with about 61,000 articles covering essentially all common car models and a broad range of accessories. Through cooperation with contract suppliers that deliver directly to the stores, the Mekonomen Group has access to an additional 500,000 products.

CEO'S COMMENTS

2011 – an eventful year with continued expansion

2011 was an eventful year for Mekonomen, with continued expansion and increased profitability, despite a weak market trend in the Nordic region. Revenues rose 23 per cent to SEK 4,237 M and EBIT increased 11 per cent to SEK 536 M. Mekonomen's ability to capture additional market shares and boost its earnings in a weak market is proof that we have strengthened our position and that our concept is appreciated by customers.

In March, Mekonomen acquired Sørensen og Balchen, a Norwegian spare-parts and accessories chain with 73 wholly owned and partnership stores and more than 200 workshops under the BilXtra brand. Sørensen og Balchen is operated as a separate group within Mekonomen, using the company's existing concept and brands. This arrangement has been highly successful and is appreciated by both our customers and the employees of Sørensen og Balchen. Since the acquisition, we have also succeeded in retaining all key employees. Synergy gains have been realised in the areas of purchasing and logistics and successful integration has been performed ahead of schedule.

In October, Mekonomen signed an agreement to acquire Meca, a spare-parts chain with operations in Sweden and Norway. However, the acquisition is conditional upon approval from the Norwegian Competition Authority and a final decision is expected by June 2012 at the latest.

I am pleased to announce that the level of activity at Mekonomen remained high throughout the year. Several factors contributed to this success: a strong brand, attractive offerings and skilled employees, combined with efficient cooperation at all levels – from stores and workshops that make CarLife easier for our customers to wholesale operations and central support functions.

Competence and service level are crucial competitive tools in our industry. Accordingly, it is vital for Mekonomen's future expansion that we continue to retain and develop our skilled employees and leaders and that we are able to recruit and convert additional workshops to our successful workshop chains. Mekonomen's ventures in recent years have significantly bolstered our appeal. This is evident in many areas, particularly in our ability to attract the best mechanics, also from branded dealerships, to Mekonomen.

An increasing number of workshops are interested in joining Mekonomen. At year-end, the

Group comprised approximately 1,700 affiliated workshops, up 26 per cent compared with 2010, including the workshops gained through the acquisition of Sørensen og Balchen. The expansion of Mekonomen's Medium and Mega units also continued during 2011, bringing the total number of units to 98 at year-end. At Gärdet in Stockholm, we opened Europe's most complete Mega facility, where we offer our customers a comprehensive concept including a store, vehicle inspections, car care, a car wash, a café and a workshop that is open around the clock and naturally services all car models. The Fleet concept, which offers service agreements for company vehicle fleets, performed well and Fleet took a major step during the year from operating solely in Sweden to initiating activities in the rest of the Scandinavian market. Our efficiency-enhancement efforts in Denmark continued successfully and resulted in an improved EBIT margin.

MEKONOMEN ASSUMES RESPONSIBILITY

Mekonomen has chosen to assume responsibility by playing an active role in the automotive sector's transition to a more sustainable industry. This is being achieved through an active environmental and climate effort throughout the organisation, with a focus on environmental certification of the Group's units and employee training. The central environmental issues for Mekonomen are transport, energy consumption and chemicals. In 2011, Mekonomen decided to support the UN Global Compact, which entails establishing a stricter Code of Conduct in the Group. The Code of Conduct was introduced in our purchasing operations in 2011 and will be fully implemented on a continuous basis during 2012.

OUTLOOK

That Mekonomen with its ambitious initiatives and focused effort could grow in markets which otherwise showed a lacklustre performance during 2011 is a clear sign that we have a winning strategy and that our concepts and offerings are appreciated by our customers.

We now increase our speed further.

With our recent expansion, Mekonomen has transformed from a medium-sized business to a large company, which means that there are greater expectations on us. During the spring of 2012 we have therefore adjusted our organisation for a future expansion and have adapted to the new structure, which is an effect of our acquisitions. This new organisation has provided us with a structure that better reflects the size of our company and the journey we have ahead of us.

In order for Mekonomen to grow while simultaneously boosting its profitability, it is important that all of our employees see us as an enterprising company with opportunities for professional and personal development. Accordingly, we plan to continue investing in broad training initiatives, with the Mekonomen Academy playing a central role.

In conclusion, I would like to thank everyone at Mekonomen for outstanding contributions during 2011. Thanks to your efficient teamwork, we have successfully strengthened our position in the market, while maintaining the strength to enter into new ventures.

Mekonomen's successful journey continues.

Kungens Kurva, April 2012

Håkan Lundstedt
President and CEO

Full speed at BilXtra

When Mekonomen acquired the spare-parts wholesaler Sørensen og Balchen in March 2011, It also assumed ownership of two new chains – BilXtra Store and BilXtra Workshop. For Mekonomen, it immediately became clear that these two prior competitors should continue competing for customers in Norway.

”From an industrial and business perspective, BilXtra and Mekonomen fit together perfectly,” says Morten Birkeland, CEO of Sørensen og Balchen.

”Both companies are known for their broad ranges, high level of logistical expertise and active marketing. In other words, the corporate cultures were largely the same.”

The advantages of operating the businesses as separate, competing companies under the same group were clear: coordinated purchasing would result in larger volumes and more efficient logistics would generate significant synergy effects.

”And this has, in fact, been the case,” says Morten Birkeland.

In the past, the BilXtra brand was used exclusively for stores, while workshops were operated under the name Quickpartner. As of 2009, the workshops also adopted the BilXtra brand. The name change became a major success and contributed to a significant increase in car owners' familiarity with BilXtra.

Sørensen og Balchen has a long history. The wholesale operations commenced in 1904 and its range of spare parts and accessories for cars has been developed since 1907.

The company has undergone a rapid expansion in recent years. Since BilXtra was launched as a workshop brand three years ago, the number of workshops has increased from about 125 to 219. The company operates 77 stores, of which 35 are wholly owned.

”BilXtra covers all of Norway,” explains Morten Birkeland. ”Nevertheless, we are still focusing on being able to expand while maintaining favourable profitability.”

Morten Birkeland,
CEO of Sørensen og Balchen

"Establishing a connection with Mekonomen has strengthened our competitiveness, which will ultimately benefit car owners in Norway."

Like Mekonomen, Sørensen og Balchen and BilXtra have always been known for their efficient logistics and speedy product deliveries to both stores and workshops. Another similarity between the companies is their highly active approach to marketing.

"Our communications with car owners is based on direct advertising in a catalogue delivered to more than 800,000 households 11 times a year.

"To supplement this advertising, we also use TV and radio as channels for conveying our products and message, and our online activities are naturally also an important component of our marketing."

Sørensen og Balchen was consolidated by Mekonomen as of March 2011. Integration of the company has proceeded quickly and the synergy gains have been achieved. EBIT for the period from 11 March to 31 December 2011 amounted to SEK 88 M.

"This is a satisfactory performance," says Morten Birkeland. "The market was relatively weak in 2011, a trend that was perhaps most clearly reflected in the distribution of sales.

"In times of economic decline, demand for spare parts increases, while sales of accessories decline. And this is exactly what we experienced in Norway in 2011.

"Both Sørensen og Balchen and BilXtra's stores have given their thumbs-up to Mekonomen as the new owner and we managed to demonstrate during 2011 that their high expectations of the company would be met.

"This bodes well for the future."

Hans Thörner, Manager at Mekonomen's new flagship facility at Gärdet:

"A wonderful idea and tough challenge"

Imagine a facility specially suited to drivers and boat owners, with a full range of spare parts and accessories, a workshop open around the clock, vehicle inspections, car hire services, car care and a café.

This is a fitting description of Mekonomen's new flagship facility at Gärdet in Stockholm.

"Creating a facility that is open around the clock is a wonderful idea and difficult challenge," says Hans Thörner, Manager at Mekonomen's new facility.

After running a Mekonomen store in Östersund, Hans Thörner assumed responsibility for establishing a new Mega facility in the same town. When the launch was completed, he handed over the keys and travelled to Stockholm.

Just five months after the move, it was time for the opening of Mekonomen's new flagship at Tegeluddsvägen at Frihamnen, Gärdet. On 15 April 2011, Europe's first full-service facility, with a round-the-clock workshop, store with automotive and marine product ranges, vehicle inspection, car hire and car care opened. The facility also offers a café where customers may enjoy a cup of coffee or have lunch when they leave their vehicles for service or repairs.

"And more than that, we are also open every day, all year round," emphasises Hans.

Mekonomen at Gärdet was an immediate success. The Service Centre has been fully booked since it opened and many new customers to Mekonomen have found smart accessories for both cars and boats.

A total of 22 individuals are employed at Mekonomen's flagship. The facility is operated by

Hans Thörner, Manager at Mekonomen at Gärdet

Mekonomen, but to further strengthen the offering at Gärdet, strategic alliance partners were carefully selected to join Mekonomen in offering customers a full-service facility of more than 5,000 square meters of space.

”It is important for us to have professional alliance partners who not only deliver quality but also have the strong sense of service required to be successful,” says Hans Thörner.

Given choice for commercial traffic

Flexibility and service, around the clock, has attracted commercial traffic to Mekonomen at Gärdet. The Police Authority in Stockholm, as well as a number of taxi companies and delivery companies are a few examples of commercial traffic that currently take their vehicles to Gärdet.

”We have filled a gap in the market here,” says Hans Thörner.

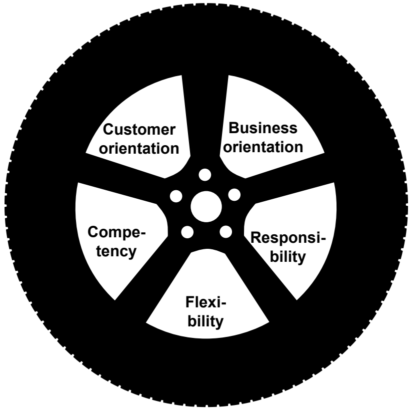
”By offering 24-hour service, we provide commercial traffic with the opportunity to be more efficient in their work.” At nights, most delivery vehicles are at a standstill and for them it is perfect for the vehicles to be repaired by the workshop during the night, so they are ready when they are needed the most.

The major interest from customers in Stockholm for the 24-hour-open facility has generated a great deal of energy in all employees.

“The facility’s turnkey offering is unique and our customers show their appreciation daily for the high level of service available at Gärdet. This generates positive energy in the work teams and makes employees look forward to going to work. It is of course very gratifying to be the first workshop chain in Europe to offer 24-hour-open workshop. We are the leaders and have no intention of letting go,” says Hans Thörner.

Mekonomen assumes responsibility

Mekonomen's vision is to be car owners' first choice. As a leading player, Mekonomen also wants to contribute to a more sustainable automotive industry, with reduced environmental and climate impact and increased traffic safety.



Mekonomen focuses on several parts of the sustainability concept. The product range includes environmentally labelled products, we offer products made from recycled materials and we impose demands on our suppliers. We focus on developing a motivated organisation that reflects the composition of society and we want to play an active role in creating a society where everyone's potential is utilised.

In 2011, Mekonomen decided to support the UN Global Compact, which will entail establishing a stricter Code of Conduct in the Group. The Code of Conduct was introduced in our purchasing operations in 2011 and will be fully implemented on a continuous basis during 2012.

The basis for Mekonomen's Code of Conduct is in our values.

BUSINESS ORIENTATION

We generate excellent financial results, with a balance between short and long-term earnings. We are perceived as affordable by the customer.

RESPONSIBILITY

We assume responsibility for our business surroundings, joint resources and the environment. Our customers associate us with high quality. We have confidence in our employees' qualifications and abilities.

COMPETENCY

We have high professional qualification within the areas in which we operate. We are perceived as reliable and competent by customers.

FLEXIBILITY

We are continuously searching for new ideas and changing, to meet requirements from existing and future customers. We are perceived as innovative by our customers.

CUSTOMER ORIENTATION

We place the customer first and satisfy our customers' expectations. Our customers perceive that we have a comprehensive view.

PRODUCT AND SERVICE OFFERING

Mekonomen's products and services are largely about extending the service life of cars, contributing to safe driving, reducing the impact on the environment and facilitating high comfort. This will enable Mekonomen to contribute to a more sustainable automotive industry.

Since 2009, Mekonomen sells environmentally labelled products and products with reduced negative environmental impact, which is found in the range that is marketed under Mekonomen's proprietary brand. We know that customers request environmentally adapted products and that these requests will increase further with stricter environmental legislations, better environmental options and higher awareness and knowledge. To become car owners' first choice in the future market, Mekonomen must be able to satisfy these requirements and wishes.

STRATEGIC ENVIRONMENTAL EFFORT

For Mekonomen, the environment and quality are very important and prioritised areas. Customers demand products that take the environment into consideration and offering environmentally adapted car service and care provides Mekonomen with a competitive edge in the market in which it operates. Mekonomen's strong brand entails obligations, and as such environmental issues are of strategic significance to business, which is high on the company's agenda.

For several years, Mekonomen has been conducting active environmental and quality work throughout the organisation, where the most important issues involved focusing on transport, energy consumption and chemicals. There is strong support and interest in environmental issues in all parts of the Group and in the past two years, extensive investments have been made in environmental certification and training. The efforts were primarily directed at proprietary operations, but also at franchise owners. The long-term goal is for all companies within Mekonomen to have a so-called multi-site certificate, which means certification according to ISO 14001, OHSAS 18001 and ISO 9001 (environment, work environment and quality).

Today, there are quantative goals entailing that 100 per cent of the distribution vehicles, van models, shall have a lower CO2 emission than 200 g/km, and that not less than 30 per cent of the chemical products marketed by Mekonomen must be environmentally labelled.

Certification and training

Since mid-2010, comprehensive work has been in progress aimed at certifying Mekonomen's operation in accordance with ISO 14001, OHSAS 18001 and ISO 9001.

The objective is to integrate the management system in the ordinary operation to facilitate and streamline work. During 2011, all 150 stores in Sweden, as well as a number of workshops participated in training in all certification areas. Today, 52 units are certified. The goal is for all stores and 50 workshops to be certified before the end of 2012 and an additional 100 workshops will be certified by 2014.

Chemicals

Specific training initiatives were implemented during the year, with a focus on chemical issues. It is partly driven by the EU's chemical project, which impacts the entire value chain. Employees participated in training in the transport of hazardous goods and chemical management in stores. Furthermore, work is in progress to prepare a specific chemical policy and product managers have been trained in procedures to prevent hazardous substances from being included in Mekonomen's products. During 2011, products were removed from the range since they did not fulfil Mekonomen's internal requirements.

Transport

Transport and logistics are a prioritised area, where continuous work is done to achieve higher efficiency and lower environmental impact. The effort also generated a positive financial effect on the Group. When Mekonomen procures transport services, there is high demand on efficiency by, for example, increasing the degree of utilisation and minimising the number of reloading to thus reduce the number of transports and also fuel consumption.

Decentralised work with central support

From Mekonomen, it is imperative to arouse interest in environmental issues and generate excellent prerequisites for the workshops that operate under our brand. They are offered support by regional managers and through Mekonomen's training unit. Mekonomen also has specific instructions, for example, managing hazardous waste. These instructions are integrated in Mekonomen's business data system, accessible for all employees in stores and workshops.

WORK WITH SUPPLIERS

Mekonomen is a purchase-intense organisation, with an extensive supplier chain and a large number of products. To reduce risks and ensure high quality, we decided to purchase from major

> ”We want our employees to view Mekonomen as a long-term employer, with opportunities for both professional and personal development. We want our employees to have the opportunity to be able to utilise their full potential.”

suppliers in the automotive industry. Mekonomen believes that it is an efficient purchasing method for a suppliers, which still has a small purchase volume compared to the global automotive industry, although we are expanding significantly as a buyer of spare parts for the aftermarket.

By being a customer to major and recognised suppliers to the automotive industry, with excellent references, Mekonomen will be capitalising on the strict demands on follow-ups placed by these players. In this manner, Mekonomen will be guaranteed that the suppliers have management systems for quality (ISO 9001), security (TS), environment (ISO 14001), as well as health and safety (OHSAS 18001), and that the management system is reviewed regularly.

The absolute majority of the purchases are made from suppliers in Europe.

Mekonomen has a central purchasing organisation, distributed in two different categories of suppliers: accessories and spare parts. Both these categories of suppliers are found among the major players in the automotive industry. For accessories, there are slightly more small suppliers and, when dealing with this group, Mekonomen has defined more clearly and placed demands on the issues pertaining to the environment, quality, respect for human rights and good working conditions.

During 2011, Mekonomen decided to support the UN's Global Compact and introduced a Code of Conduct, which is attached to all agreements. Mekonomen's earlier demands in this respect have now been replaced by demands for compliance with Mekonomen's Code of Conduct and respecting the UN's Global Compact.

In agreements and the systematic procurement process, there are also other functions and procedures to drive the supplier's quality and safety work. We will continue to develop the work with suppliers pertaining to responsible business and increase the control of the products that we offer. Mekonomen also intends to develop the model for risk assessment and classification of suppliers. It is part of the effort to optimise the supply of goods, streamline procurement and increase control.

WORKING AT MEKONOMEN

Mekonomen's organisation is responding to change quickly and is pragmatic, with great belief in the ability of individuals. We are an entrepreneurial company characterised by a team environment, where all employees feel that they contribute and are able to influence.

We want our employees to view Mekonomen as a long-term employer, with opportunities for both professional and personal development. We want our employees to have the opportunity to be able to utilise their full potential.

Mekonomen has grown rapidly in recent years and has developed a strong brand. It makes us committed and generates new opportunities. During 2011, several projects were implemented to further systematise work pertaining to employee issues, and to develop the organisation within Human Resources Management.

During 2011, Mekonomen introduced a new HR strategy, which will contribute to Mekonomen achieving the overall goal of increased growth and the vision of becoming car owners' first choice. In addition, a Code of Conduct was prepared with associated whistleblowing system, which will be launched within the organisation in 2012.

Since 2007, annual employee surveys have been conducted, which is an important tool to document and measure employees' view of Mekonomen as an employer. The purpose of the employee surveys is to secure opinions from all employees and thus gain a satisfactory basis for implementing improvements in the company, both overall and individual groups/units. Based on the results, we will then be able to work on preserving our strengths and developing the areas where there is potential for improvements. The result is followed-up in Group management.

Talent Management is one of the most important employee issues for Mekonomen. We regard good leadership in the company that is able to attract, develop and motivate employees as key to success.

When planning for competency and development efforts within Mekonomen, it is important that we not only satisfy current requirements but also look to the horizon to prepare ourselves for future challenges. This is how we will secure future competitiveness for both the company and individual employees. At Mekonomen, we have decided to develop an internal Mekonomen Academy, where all company training efforts have been concentrated, both internal and external. The training offering is communicated to all employees and it is the responsibility of individual employees, together with their managers, to participate in the training efforts. Another way in which to create development is to drive cross-functional projects, where employees have the opportunity to work away from traditional assignments, together with colleagues from other departments. Being part of such a project is a valuable practical experience and an effort that is appreciated by employees.

Within Mekonomen, there are Leader guides and Employee guides. These are efficient channels for informing employees throughout the organisation and make it easy for them to get the information they need to control their work and development. To secure continuous communication within Mekonomen, the personnel magazine, HR-Nytt, is published on a monthly basis.

OVERALL EMPLOYEE GOALS WITHIN MEKONOMEN:

- Mekonomen's organisation shall reflect the society in which we live and consequently, diversity is an obvious feature.
- Leadership is key to Mekonomen and the Leadership Index (LSI), measured through the employee survey shall be the highest in our industry.
- Mekonomen's employees shall comprise 30 per cent females, excluding workshops.

Mekonomen's organisation shall be diverse and reflect the society in which we live. As Mekonomen's product and service offering expands and new target groups are defined, the need for diversity will increase further, including the proportion of females. It is easier for Mekonomen to attract male employees than female, which is a general pattern in the automotive industry. For Mekonomen, is it an important target that 30 per cent of employees in stores are female.

2012 IS A HEALTH YEAR AT MEKONOMEN

During 2012, Mekonomen will systemise efforts for employees' health and well-being by classifying this year as a Health Year. Through an internal platform, employees will have the opportunity to register and report exercise initiatives performed within the framework for a competition.

The competition is based on employees choosing various forms of exercise from an extensive list, which contains everything from judo and cycling to all types of ball games, running, jogging and walking and will receive points for their efforts.

Every month winners will be announced in the various categories, who will receive prizes.

Within the framework for the Health Year, there are also lots of tips and inspiration on how food, exercise and stress management do not have to be time consuming.

Already during the first quarter, more than 700 employees registered as participants in the Health Year 2012.

"Mekonomen's operation focuses on high quality in products and services, which is why conscientious efforts for a responsible Mekonomen result in increased legitimacy of quality in everything we undertake. By clearly indicating that we are continuing to develop a responsible Mekonomen, value is added to our brand."

MEKONOMEN IN SOCIETY

Cooperation to facilitate young people's entrance into the labour market

In efforts to increase diversity and to continuously raise the organisation's competency, Mekonomen also cooperates with the Public Employment Services and is a member of Diversity Charter. To facilitate young people's entrance into the labour market, Mekonomen participates in several collaborations.

In the cooperation with Telge Tillväxt, which commenced in 2010, the goal is to create job opportunities for young people, with the objective to half youth unemployment in Södertälje within three years.

Mekonomen's cooperation with Farsta High School, jointly with the Swedish Trade Federation and Axel Johnson, involves reducing unemployment among young people by offering trainee positions in our stores. Mekonomen is also one of the companies cooperating with the Stockholm School of Economics and the Centre for Retail programme, a three-year university programme aimed at creating a knowledge centre with a focus on retail. In addition, there is a partnership with various vehicle technology courses through contributions of equipment and trainee positions.

During 2011, the cooperation with Telge Tillväxt and Centre for Retail resulted in new recruitments at Mekonomen.

MEKONOMEN AND THE PINK RIBBON

During 2011, for the second consecutive year, Mekonomen was one of the main sponsors for the Cancer Fund's Pink Ribbon campaign, which takes place annually in October.

Mekonomen's own campaign, which was connected to the Cancer Fund's Pink Ribbon campaign, was called Våga Fråga (Dare to Ask). With this, Mekonomen wanted to encourage Swedish car owners to dare ask about issues pertaining to the car and CarLife without feeling that the question is too insignificant or unnecessary. In addition, Mekonomen wanted to encourage questions to the Cancer Fund about cancer, and mainly about breast cancer.

Mekonomen donated SEK 200 for each Pink service conducted during the month at Mekonomen's Service Centres and SEK 1 for each call to Mekonomen Direkt.

Mekonomen also presented five new products for sale at Mekonomen's stores during the campaign period: pink steering-wheel glove, pink windshield-washer fluid, pink towline, pink rear-view mirror dices, and engine oil with pink labels. Contributions to the Pink Ribbon were SEK 5–50 for each product sold, depending on the product.

In addition, a design competition was organised via Facebook and the vagafraga.se campaign site. The competition involved designing an air-freshener that can be hung on the rear-view mirror in the car. The winner was Anneli Persson from Örebro, with her "Ängeln Victoria" contribution. The winning air-freshener was sold in all Mekonomen's stores and 10 per cent of the revenue was donated to the Cancer Fund's Pink Ribbon campaign.

The total amount contributed by Mekonomen to the Pink Ribbon in 2011 totalled slightly more than SEK 2.6 M.

MEKONOMEN CONTINUES TO ASSUME RESPONSIBILITY

Mekonomen's operation focuses on high quality in products and services, which is why conscientious efforts for a responsible Mekonomen result in increased legitimacy of quality in everything we undertake. By clearly indicating that we are continuing to develop a responsible Mekonomen, value is added to our brand.

Focusing on a responsible Mekonomen will particularly strengthen the Group internally by attracting the best talents, who, in turn, will improve our competitiveness. That we are perceived externally as reliable, stable and attractive business partner is also beneficial to all existing and potentially new business relations. Finally, Mekonomen's assuming responsibility generates high credibility for our customers, both in stores and workshops, which increases customer loyalty.

FIVE-YEAR SUMMARY

INCOME STATEMENT

SEK M	2011	2010	2009	2008	2007
Net sales	4,140	3,374	3,129	2,646	2,530
Other revenues	97	73	77	45	20
Goods for resale	–1,866	–1,607	–1,530	–1,317	–1,294
Other expenses	–1,835	–1,355	–1,352	–1,123	–1,007
EBIT	536	485	325	251	250
Profit after financial items	523	485	323	261	418
Tax on profit for the year	–143	–134	–86	–72	–70
PROFIT FOR THE YEAR	**380**	**351**	**237**	**189**	**348**

BALANCE SHEET

SEK M	2011	2010	2009	2008	2007
ASSETS					
Intangible assets	1,116	348	278	254	206
Other fixed assets	302	207	180	148	109
Inventories	934	680	620	602	554
Accounts receivables	411	287	265	217	201
Other current assets	225	162	126	116	120
Cash and cash equivalents	67	74	60	85	290
TOTAL ASSETS	**3,054**	**1,758**	**1,529**	**1,423**	**1,481**
SHAREHOLDERS’ EQUITY AND LIABILITIES					
Shareholders equity, Parent Company's shareholders	1,539	955	877	833	978
Non-controlling interest	17	19	18	18	18
Long-term liabilities	511	24	29	42	44
Current liabilities	988	760	605	530	441
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,054**	**1,758**	**1,529**	**1,423**	**1,481**

CONDENSED CASH-FLOW STATEMENT

SEK M	2011	2010	2009	2008	2007
Cash flow from operating activities	259	358	289	209	320
Cash flow from investing activities	–512	–184	–92	–93	448
Cash flow from financing activities	246	–160	–222	–321	–574
CASH FLOW FOR THE YEAR	**–7**	**14**	**–25**	**–205**	**194**

DATA PER SHARE

Amounts in SEK per share, if not otherwise stated	**2011**	2010	2009	2008	2007
Profit	11.39	10.95	7.38	5.84	11.03
Cash flow	7.98	11.60	9.38	6.77	10.32
Shareholders' equity	46.9	30.9	28.4	27.0	31.7
Dividends*	8	8	7	6	11
Share of profit paid, %	69	73	95	103	100
Share price at the end of the year	225	223	155	70	146
Share price, highest for the year	257.5	228	159.5	151	154.5
Share price, lowest for the year	157	131	71.75	58.25	100
Direct yield, %	3.6	3.6	4.5	8.6	7.5
P/E ratio at the end of the year, multiple	19.8	20.4	21.0	12.0	13.2
Average number of shares after dilution effects	32,436,258	30,868,822	30,868,822	30,868,822	30,868,822
Number of shares at the end of the period	32,814,605	30,868,822	30,868,822	30,868,822	30,868,822
Number of shareholders at the end of the year	7,735	8,024	7,430	6,559	6,199

* Board proposal for 2011. Of which, extraordinary dividend SEK 5.00 for 2007.

KEY FIGURES*

	2011	2010	2009	2008	2007
Sales growth, %	23	8	19	6	4
Gross margin,%	55	52	51	50	49
EBIT margin, %	13	14	10	9	10
Profit margin, %	12	14	10	10	16
Capital employed, SEK M	2,203	1,060	925	905	1,002
Operating capital, SEK M	2,136	986	865	820	712
Return on capital employed, %	29	49	36	28	39
Return on operating capital, %	34	52	39	33	27
Return on equity, %	27	37	27	20	36
Return on total capital, %	20	30	22	19	27
Equity/assets ratio, %	51	55	59	60	67
Net debt/equity ratio, multiple	0.37	0	neg	neg	neg
Interest-coverage ratio, multiple	26	151	66	33	47
Net indebtedness, SEK M	580	12	neg	neg	neg
AVERAGE NUMBER OF EMPLOYEES					
Sweden	1,076	850	789	732	687
Norway	267	251	243	233	202
Sørensen og Balchen	208	–	–	–	–
Denmark	392	358	398	397	382
Finland	15	3	–	–	–
GROUP	**1,958**	**1,462**	**1,430**	**1,363**	**1,271**

* For information on definition of key figures, refer to page 79.

Contd. KEY FIGURES

	2011	2010	2009	2008	2007
NUMBER OF STORES/of which wholly owned					
Sweden	144/114	141/111	134/103	123/103	114/93
Norway	53/36	47/32	47/31	44/29	42/25
Sørensen og Balchen	77/35	–	–	–	–
Denmark	54/40	40/37	39/38	39/39	38/38
Finland	3/3	2/2	–	–	–
Iceland	1/0	–	–	–	–
Marinshopen	1/1	–	–	–	–
M by Mekonomen	1/1	1/1	–	–	–
GROUP	**334/230**	**231/183**	**220/172**	**206/171**	**194/156**
NUMBER OF MEKONOMEN SERVICE CENTRES					
Sweden	438	426	401	363	337
Norway	380	352	331	320	305
Denmark	215	195	178	169	136
Finland	3	2	–	–	–
GROUP	**1,036**	**975**	**910**	**852**	**778**
NUMBER OF MEKOPARTNERS					
Sweden	128	128	117	75	–
Norway	78	63	53	38	–
Denmark	214	172	126	86	–
GROUP	**420**	**363**	**296**	**199**	**–**
NUMBER OF BILXTRA WORKSHOPS					
Norway	219	–	–	–	–
GROUP	**219**	**–**	**–**	**–**	**–**
NUMBER OF SPEEDY WORKSHOPS					
Sweden	11	11	–	–	–
GROUP	**11**	**11**	**0**	**0**	**–**

QUARTERLY REVIEW

	Full-year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Full-year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010
NET SALES, SEK M										
Mekonomen Sweden	1,747	434	440	467	405	1,708	455	422	451	381
Mekonomen Norway	808	206	208	217	177	817	202	199	221	194
Sørensen og Balchen	603	176	190	199	39	–	–	–	–	–
Mekonomen Denmark	759	190	187	195	187	777	184	185	204	204
Other	223	68	61	64	30	72	31	16	16	10
GROUP	**4,140**	**1,074**	**1,086**	**1,142**	**838**	**3,374**	**872**	**822**	**892**	**789**
EBIT, SEK M										
Mekonomen Sweden	323	78	89	89	67	310	78	91	87	55
Mekonomen Norway	132	31	36	40	25	144	32	40	44	28
Sørensen og Balchen	88	25	25	37	2	–	–	–	–	–
Mekonomen Denmark	63	1	18	26	17	45	7	12	20	6
Other	–70	–30	–5	–19	–16	–14	–7	–2	–7	1
GROUP	**536**	**104**	**163**	**173**	**95**	**485**	**110**	**141**	**144**	**90**
EBIT MARGIN, %										
Mekonomen Sweden	18	18	20	18	16	18	17	21	19	14
Mekonomen Norway	16	15	17	18	14	18	16	20	20	14
Sørensen og Balchen	15	14	13	18	4	–	–	–	–	–
Mekonomen Denmark	8	1	10	13	9	6	4	6	10	3
GROUP	**13**	**10**	**15**	**15**	**11**	**14**	**12**	**17**	**16**	**11**
QUARTERLY DATA, GROUP										
Net financial items, SEK M	–13	-4	–2	–6	0	0	1	–1	0	1
Profit before tax, SEK M	523	100	161	167	95	485	111	140	143	91
Tax, SEK M	–143	–29	–44	–45	–25	–134	–33	–40	–37	–24
Profit after tax, SEK M	380	71	118	122	70	351	78	100	107	67
Gross margin,%	55	56	55	54	54	52	53	54	53	50
Earnings per share, SEK	11.39	2.16	3.53	3.67	2.12	10.95	2.52	3.07	3.29	2.08

The Board and President of Mekonomen AB (publ.), Corporate Registration Number 556392-1971, hereby submit the Annual Report and Consolidated Accounts for the 2011 financial year.

GENERAL

Mekonomen is the leading automotive spare parts chain in the Nordic region, with proprietary wholesale operations, 334 stores and 1,686 workshops operating under the Mekonomen brands. The Parent Company conducts its operations in the limited liability legal form and has its registered office in Stockholm. The address of the head office is Smista Allé 11, SE-141 70 Segeltorp, Sweden. The Parent Company's share is listed on Nasdaq OMX Mid-Cap list. The three largest owners in the Parent Company are the Axel Johnson AB Group, with 29 per cent, Eva Fraim Påhlman with 6.1 per cent and Otto Olsen Invest AS with 5.9 per cent.

FINANCIAL YEAR

The 2011 financial year was characterised by weak market growth, primarily pertaining to consumer and accessories sales. However, Mekonomen reported stronger growth than the total market in the Nordic region, primarily due to successful marketing efforts, with an 11 per cent increase in operating profit and 23 per cent increase in revenue.

In March, Mekonomen acquired Sørensen og Balchen, which operates the BilXtra automotive spare-parts chain. Through the acquisition of Sørensen og Balchen, 73 stores and more than 200 BilXtra workshops have been added. At the end of the financial year, there were 77 stores and 219 affiliated BilXtra workshops. In Sweden, Marinshopen was acquired at the beginning of the year as a step in the venture in the marina market. During the year, Mekonomen BilLivet was also acquired. During the acquisition in April, BilLivet comprised eight workshops that earlier operated in collaboration with Svenska Bil. Most of the workshops are located in Mega facilities. At the end of the year, Mekonomen BilLivet acquired three additional workshops.

The number of affiliated workshops continues to increase and as of 31 December 2011 amounted to 1,686 (1,349), of which the number of proprietary workshops was 21.

The effort on the Mega facilities continued during the year. This includes the opening of a Mega facility in April at Gärdet in Stockholm, where customers are offered a turnkey concept, such as store, workshop, vehicle inspection, car care, car wash, car hire and a café in the 5,000 square-metre facility. A new feature is also that the facility is the first in Europe to offer 24-hour workshop service.

During the year, in addition to continued efforts in new Mega facilities, several ventures were implemented, for example, the establishment in Finland, the marine venture, proprietary workshops, as well as the integration of Sørensen og Balchen.

Mekonomen's concept and venture aimed at female drivers, M by Mekonomen, was elected Retail Store of the Year 2011, when Market magazine organised the Major Retail Day in May.

In October, an agreement was signed to acquire Meca Scandinavia. The acquisition of Meca has been approved by the Swedish Competition Authority and is conditional upon approval from the Norwegian Competition Authority.

The number of stores in the chain increased by 103, of which the number of proprietary stores rose by 47. The total number of stores in the chain at the end of the year was 334 (231), of which the number of proprietary stores was 230 (183).

Revenues

Revenues for the full-year increased 23 per cent to SEK 4,237 M (3,447). Other revenue includes exchange-rate gains of SEK 14 M (18), and rental revenue, property-related revenue, licenses, etc. The organic growth, which means the increase in net sales adjusted for acquisitions, currency effects and the number of workdays, was 2 per cent (7) during 2011.

EBIT

EBIT amounted to SEK 536 M (485) and the EBIT margin to 13 per cent (14). Costs for investments, as well as acquisition and integration costs, amounted to SEK 58 M (10) for the full-year.

Profit after financial items

Profit after financial items amounted to SEK 523 M (485). Net financial expense amounted to SEK 13 M (0). Net interest expense amounted to SEK 14 M (income: 2) and other financial items was SEK 1 M (expense: 2). Profit after financial items was impacted by currency effects totalling SEK 2 M (–2).

Profit for the year

Profit for the year amounted to SEK 380 M (351) and earnings per share to SEK 11.39 (10.95). Of the year's profit, SEK 370 M (338) is attributable to the Parent Company's shareholders and SEK 10 M (13) to non-controlling interest.

Sweden

Net sales (external) rose 2 per cent to SEK 1,747 M (1,708). The underlying net sales increased 2 per cent. Sales to BilLivet workshops acquired in 2011 were managed in 2011 as internal and thus generated a negative impact on sales in the Swedish segment compared with 2010. The year was characterised by weak market growth, primarily pertaining to sales to consumers and accessories sales.

EBIT amounted to SEK 323 M (310) and the EBIT margin to 18 per cent (18). The number of stores amounted to 144 (141), of which 114 (111) are proprietary.

Norway

Net sales (external) fell 1 per cent to SEK 808 M (817). Underlying net sales increased 2 per cent (12). New establishments during the year had a negative impact on earnings.

EBIT amounted to SEK 132 M (144) and the EBIT margin to 16 per cent (18). The number of stores amounted to 53 (47), of which 36 (32) are proprietary.

Sørensen og Balchen

Net sales (external) totalled SEK 603 M and the operating profit amounted to SEK 88 M, with an operating margin of 15 per cent. Sørensen og Balchen was acquired in March 2011 and sales and profit pertained to the 11 March–31 December 2011 period. The positive effects of the integration effort since the acquisition contributed to an improvement in earnings during the year. The number of stores amounted to 77, of which 35 are proprietary.

Denmark

Net sales (external) in Denmark amounted to SEK 759 M (777). Currency effects were negative and underlying net sales increased by 4 per cent. EBIT improved to SEK 63 M (45) and the EBIT margin to 8 per cent (6). The number of stores amounted to 54 (40), of which 40 (37) are proprietary.

Finland

During 2011, Mekonomen continued its investment in Finland and a new store located in Lahti was opened during the year. The number of stores amounted to 3 (2), of which all are proprietary.

ACQUISITIONS AND START-UPS

At the beginning of the year, Mekonomen acquired Sørensen og Balchen, which operates the BilXtra automotive spare-parts chain. Through the acquisition of Sørensen og Balchen, 77 stores and 219 BilXtra workshops have been added to the Norwegian market. During the year, Sørensen og Balchen acquired a store in Hadeland and one in Ski.

During the year, Mekonomen BilLivet was acquired. BilLivet consists of eight workshops that were previously driven in cooperation with Svenska Bil.

During 2011, Mekonomen Sweden opened a Mega facility at Gärdet in Stockholm. A new workshop centre was opened in Luleå and a store in Gislaved. A partner store was acquired in Bollnäs and one in Häggvik. Partner stores in Avesta and Vårby Backe were affiliated and non-controlling interests were acquired in Swedish stores. The stores in Lund were merged into one unit.

In Mekonomen Norway, two new stores were opened located in Rakkestad and Orkanger, and in October, a new Mega facility was opened in Trondheim. Furthermore, a partner store was acquired in Hadeland and partner stores were affiliated in Åsane and Røros.

During 2011, Mekonomen Denmark opened two new stores located in Maribo and Valby, and a partner store was also affiliated in Helsingør.

Marinshopen was acquired at the beginning of the year as a step in the venture in the marina market.

One partner store was opened in Iceland during the year.

Acquisition of Meca

During the fourth quarter, Mekonomen signed an agreement to acquire the spare-parts chain Meca. Meca's sales forecast for 2011 amounted to approximately SEK 1,500 M and EBIT to about SEK 180 M. Annual synergies, as a direct result of the acquisition, are estimated at SEK 80 M from 2013. Mekonomen and Meca will continue to operate as separate companies under existing brands.

Payment will comprise 3,086,882 new share issues through a non-cash issue, and SEK 1,246 M in cash. The dilution effect for existing shareholders amounted to approximately 8.6 per cent.

The acquisition is conditional upon approval from the Norwegian and Swedish Competition Authorities. Approval from the Swedish Competition Authority was received in December 2011. The decision from the Norwegian Competition Authority is expected not later than 11 June 2012.

Investments

During the year, investments in fixed assets amounted to SEK 95 M (68). In addition to this, investments in new IT systems amounted to SEK 39 M (29) during the year.

Company and business acquisitions amounted to SEK 917 M (79) during the year. Acquired assets in these acquisitions totalled SEK 372 M (48) and acquired liabilities totalled SEK 127 M (26). In addition to goodwill, which amounted to SEK 496 M (48), intangible assets were identified pertaining to brands SEK 56 M (5), franchise contracts SEK 47 M (0) and customer relations SEK 136 M (0). In addition, an adjustment to the fair value of long-term liabilities was implemented totalling SEK –10 M (0). The deferred tax liability attributable to the net of these surplus values amounted to SEK 64 M (1). In addition to this, surplus values pertaining to acquired non-controlling interest totalling SEK 11 M (10) were recognised directly in shareholders' equity.

FINANCIAL POSITION

Cash and cash equivalents and current investments at the end of the year amounted to SEK 67 M, compared with SEK 74 M as of 31 December 2010. Unutilised short-term credits as of 31 December 2011 amounted to SEK 192 M (194). The equity/assets ratio was 51 per cent (55). At the end of the year, interest-bearing liabilities amounted to SEK 647 M (86) and net indebtedness amounted to SEK 580 M, compared with SEK 12 M at 31 December 2010.

CASH FLOW

Cash flow at the end of the year was a negative SEK 7 M (pos: 14). A dividend was paid to shareholders totalling SEK 276 M (227). Cash flow from operating activities amounted to SEK 259 M (358). The change between the years was primaily due to higher tax payments and increased restriction in operating capital compared with the preceding year.

HUMAN RESOURCES

The number of employees at the end of the period was 2,029 (1,575) and the average number of employees during the period was 1,958 (1,462).

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to senior executives is presented in Note 5. The Board of Directors will propose the following guidelines for remuneration to senior executives to the Annual General Meeting.

The company shall strive to offer its senior executives market-based remuneration, that the criteria shall accordingly be based on the significance of assignments, competency requirements, experience and performance and that remuneration shall comprise the following parts:

- fixed basic salary,
- variable remuneration,
- pension benefits
- other benefits and severance terms.

The Board's proposal for principles agrees with the previous years' remuneration principles and is based on agreements already entered into between the company and senior executives. The distribution between basic salary and variable remuneration shall be in proportion to the senior executive's responsibilities and authorities. The variable remuneration for the President and other senior executives is based partly on the Group's profit and partly on individual qualitative parameters and can amount to a maximum of 60 per cent of the basic salary for the President and a maximum of 33 per cent of the basic salary for other senior executives. Senior executives refer, in addition to the President, to the eight (8) members who jointly with the President comprise Group management. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad. For the President, pension provisions according to the employment agreement are paid in an amount corresponding to 29 per cent of the basis salary. Pensionable salary refers to the basic salary. Severance pay in termination from the company's side can amount to a maximum of one year's basic salary. In addition, a special bonus program extends for three years and is based on the Group's earnings for the 2011-2013 financial years. The bonus program, in its entirety, as a total expense for the company, shall amount to a maximum of SEK 24 M for the period. The criteria for the size of an individual bonus shall be determined by the Board of the company.

SENSITIVITY ANALYSIS

Mekonomen's earnings are impacted by a number of factors, such as sales volumes, currency fluctuations on imported goods and sales to foreign subsidiaries, margins on purchased goods, salary changes, etc. As a result of the acquisition of Sørensen og Balchen, currency exposure in NOK and exposure to the interest-rate market increased during 2011. Import occurs nearly exclusively from Europe, where the currencies largely consist of EUR, SEK and NOK. Purchases in EUR and NOK comprise approximately 34 and 13 per cent, respectively, of the purchase volumes. Due to the high correlation between DKK and EUR, sales and purchase in these currencies may match; the table below shows the currency effects on the net flow for each currency. NOK and DKK pertain to internal sales from Mekonomen Grossist AB to each country, and earnings for the year in Norway and Denmark. Hedging pertaining to the net flows and internal receivables were implemented during the year.

FACTORS PERTAINING TO PROFIT BEFORE TAX, SEK M	Change	Impact*)
Sales volume	+1%	SEK 23 M
Exchange-rate fluctuations		
NOK	+1%	SEK 7 M
EUR	+1%	SEK –1 M
DKK	+1%	SEK 0 M
Gross margin	plus 1 %-unit	SEK 41 M
Personnel expenses	+1%	SEK –10 M
Deposit rate**)	+1%	SEK –6 M

*) All things being equal, profit before tax for the 2011 financial year.

**) Effect based on the Group's net debt as of 31 December 2011.

RISKS AND UNCERTAINTIES

The market trend for 2011 was characterised by weak market growth, primarily pertaining to consumer and accessories sales.

Competition

Mekonomen's primary competitors are players in the so-called brand-dependent segment, which traditionally had a high market share in the after-market for passenger cars.

Competition in spare-parts sales to workshops is major from both brand-dependent and brand-independent players. In the brand-independent trade in Sweden, there are slightly more than 400 stores, where the five largest players, of which Mekonomen is one, all have a range that covers most vehicle brands. The situation is similar in both Norway and Denmark with a few large players with a comprehensive range but with competition from a number of smaller players. Brand-dependent players also compete with Mekonomen in this market. In this market, accessibility is very important, which means that the rate of delivery is a key competitive factor. Consequently, Mekonomen attaches great importance to logistics and related optimisation activities, as well as developing Mekonomen's brand and offering to end customers.

In terms of accessories, Mekonomen competes with a large number of players from various industries, such as petrol stations, convenience goods trade, stores for products for children, stores for accessories for pets, electronic chains, etc.

Operational risks

Within the company, there is high awareness that the increasingly centralised IT structure could provide the Group with major advantages and improved opportunities. Consequently, major emphasis is placed on preventive work and the organisation for this is well-developed, as is planning for continuity in operations in the event of unforeseen circumstances.

The Group's fire prevention effort places major emphasis on a well-functioning fire organisation and a regular internal control, as well as internal training.

Mekonomen's centralised warehouse is a key factor in the logistics flow and, accordingly, great emphasis is placed in preventive work to reduce the risk of damage in the centralised warehouse.

Insurances

Mekonomen has Group-wide insurance solutions. The insurance protection covers property, outages, transport, Board of Directors and President.

Cash management risks

Mekonomen strives for the same level of solutions for security services, security systems and cash management for all companies in the Group.

Shrinkage

Within Mekonomen, work with shrinkage is continuously in progress to define what is scrapping, internal consumption and actual theft. The activities to combat shrinkage are based on the idea that it is important to focus on all types of shrinkage, for example, by reviewing order procedures, delivery checks and unpacking of goods. This will improve knowledge on procedures for managing shrinkage, while providing a basis for increased vigilance of goods that are particularly theft-prone.

FINANCIAL RISKS

Mekonomen's financial policy regulates how various types of risks shall be managed and states the risk exposure that the operation can accept. The main focus is to aim at a low risk profile. The policy identifies risks pertaining to value management, cash management and capital procurement. Refer also to Note 31 for a description of the financial risks identified and managed by Mekonomen.

PARENT COMPANY

The Parent Company's operations comprise Group management and Group-wide functions, as well as finance management. The loss after net financial items was SEK 18 M (loss: 4), excluding dividends and Group contributions from subsidiaries. The average number of employees was 76 (58).

ENVIRONMENT

The Group does not conduct any operations that require permits according to the Swedish Environmental Code. The Group complies with an environmental plan that was adopted in 2010 as part of the operational policy.

Environmental activities are concentrated on the best and most efficient way to adapt operations environmentally in terms of the management of chemicals and other hazardous goods, distribution and sorting of packaging material. During 2011, a tremendous training effort was implemented to certify as many stores and workshops as possible. We also performed a large number of internal and external audits, where we checked compliance with the prevailing legislation and that we live up to the expectations placed on us by our management system. Our certification also comprises ISO9001 quality and OHSAS 18001 work environment, in addition to ISO14001 environment. At the centralised warehouse and store warehouses, fireproof rooms for chemicals and petroleum products are being constructed and when procuring transport services, considerable emphasis is placed on high efficiency and less reloading to minimise the transport distances.

EVENTS AFTER THE END OF THE PERIOD

In early April 2012, a reorganisation was implemented aimed at better adapting Mekonomen's organisation for further expansion. The reorganisation signified that Mekonomen's former CFO, Gunilla Spongh, was appointed Head of the Group's international business and Per Hedblom, previously in charge of Group acquisitions, was appointed the new CFO. Petter Torp, former President of Mekonomen Norway, was appointed President of Mekonomen Nordic, consisting of Mekonomen Norway, Mekonomen Sweden, Mekonomen Finland, Mekonomen Fleet/Marine and Mekonomen Grossist. Frankk Bekken was appointed the new President of Mekonomen Norway. Lars From, President of Mekonomen Denmark, will continue to report to the CEO Håkan Lundstedt.

SHARE

Share capital and ownership structure

During the financial year, a new share issue was implemented in connection with the acquisition of Sørensen og Balchen. The new share issue signifies an increase of SEK 5 M in the share capital and an increase of 1,945,783 in the number of shares. As of 31 December 2011, Mekonomen's share capital amounted to SEK 82 M and consists of 32,814,605 shares at a quotient value of SEK 2.50 per share. Each share carries one vote at the Annual General Meeting and all shares carry equal entitlement to a share in the company's profits and assets. Each shareholder is entitled to vote for all their shares with no restrictions and the shares are not included in any transfer restrictions. Axel Johnson AB represents 29 per cent of the voting rights. For information about the ten largest shareholders as of 31 December 2011, refer to the table on page 26.

Authorisation

The Annual General Meeting resolved on 14 April 2011 to authorise the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 3,086,882 shares. The decision on new share issues may include provisions that the issued shares may be paid in kind, through offsetting or generally include terms and conditions pursuant of Chapter 13, Section 5, Paragraph 6 of the Swedish Companies Act. The Board of Directors was also authorised to make decisions pertaining to general terms and conditions for the new share issue. The purpose of the authorisation was to allow the company to issue shares as purchase-consideration payment in connection with acquisition of other companies and/or assets deemed by the Board to be of value to Mekonomen's operation.

At the end of the financial year, no new shares were issued supported by the above authorisation.

Dividend policy

It is the Board's intention that Mekonomen will pay dividend corresponding to not less than 50 per cent of the profit after tax. When determining future dividends, investment needs will be a primary priority, but also other factors deemed significant by Mekonomen's Board of Directors.

Shareholder agreement

As far as the Board of Mekonomen is aware, no shareholder agreements exist or other agreements between Mekonomen's shareholders aimed at joint influence over the company. As far as the Board of Mekonomen is aware, there are no agreements or corresponding that may result in a change in control of the company.

SHARE DIVIDEND

The Board proposes a dividend of SEK 8.00 (8.00) based on earnings per share for the year.

BOARD OF DIRECTORS' WORK 2011

At the Annual General Meeting in April 2011, it was resolved that the Board shall comprise seven ordinary members with no deputy members. All existing Board members, Fredrik Persson, Marcus Storch, Antonia Ax:son Johnson, Kenny Bräck, Anders G Carlberg, Wolff Huber and Helena Skåntorp were re-elected. Fredrik Persson was elected Chairman of the Board.

During 2011, the Board held ten (11) meetings, of which one was a statutory meeting. At the Board meetings, it was primarily the company's financial development, the launch of new concepts and major acquisitions that were addressed.

Within Mekonomen's Board, there is a Remuneration Committee, which focuses on remuneration of Company Management. This Committee, which held four meetings in 2011, comprise Fredrik Persson, Marcus Storch and Anders G Carlberg. Other matters are handled by the Board in its entirety.

AUDITORS

The auditor for the company is elected annually at the Annual General Meeting. According to a resolution of the Annual General Meeting, auditors' fees are paid against approved invoices. The company's auditor participates in Board meetings in conjunction with the third-quarter report and at the Board meeting when year-end reports are presented and in this connection submits the report from the audit of the company's financial position and internal control. At the 2011 Annual General Meeting, the auditing firm of Deloitte AB, with Authorised Public Accountant Thomas Strömberg as the Auditor in Charge, was elected for the period ending with the 2012 Annual General Meeting.

PROPOSED APPROPRIATION OF PROFIT

Parent Company

The following profit is available for distribution by the Annual General Meeting, SEK 000s:

Profit brought forward	450,782
Share premium reserve	462,123
Profit for the year	289,297
TOTAL	**1,202,202**

Board of Directors and President proposes that profits be distributed as follows:

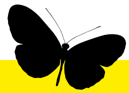
Dividend to shareholders (SEK 8/share)	262,517
To be carried forward	939,685
TOTAL	**1,202,202**

THE BOARD'S STATEMENT CONCERNING THE PROPOSED DIVIDEND

Following the proposed dividend, the Parent Company's equity/assets ratio will amount to 56 per cent and the Group's equity/assets ratio to 42 per cent calculated on the balance-sheet date, 31 December 2011. The equity/assets ratio is satisfactory considering that the company's and the Group's operations continue to operate profitably, which means that the equity/assets ratio following dividend payment in May 2012 will exceed the above-stated levels. It is estimated that cash and cash equivalents in the company and the Group will remain at a satisfactory level.

The Board is of the opinion that the proposed dividends do not prohibit the Parent Company or other Group companies from fulfilling their obligations in the short or long term. Neither do the dividends influence the Group's ability to implement required investments. Accordingly, the proposed dividend can be justified by what is stated in the prudence principle, Chapter 17, Section 3, Paragraphs 1-3 of the Swedish Companies Act.

For further information regarding the company's and the Group's earnings, refer to the following income statement, balance sheet, cash-flow statements and accompanying notes.



Corporate Governance

CORPORATE GOVERNANCE REPORT

This report was prepared in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance.

If companies included in the Code in no way apply the Code, this must be clearly stated and the reasons explained. Mekonomen's possible deviations from the Code and explanations are reported in the running text.

SHAREHOLDERS

Shares and shareholders

The share capital amounted to SEK 82,036,513 on 31 December 2011, represented by 32,814,605 shares. Each share represents one voting right at the Annual General Meeting. The total market value for the company on 31 December 2011 amounted to SEK 7.4 billion, based on the closing price of SEK 225.

The number of shareholders on 31 December 2011 was 7,735. At the same date, the ten largest shareholders controlled 61.8 per cent of the capital and voting rights and the participation of foreign owners accounted for 33.5 per cent of the capital and voting rights.

The ten largest shareholders at 31 December 2011, according to SIS Ownership Data Corp.

Shareholders	Number of shares	% of votes and capital
Axel Johnson AB with subsidiaries	9,516,235	29.0
Eva Fraim Påhlman	2,009,176	6.1
Otto Olsen Invest AS	1,945,783	5.9
Kempen European Participations N.V.	1,595,066	4.9
Capital Group Funds	1,406,309	4.3
Ing-Marie Fraim Sefastsson	1,000,000	3.0
Swedbank Robur Funds	966,981	2.9
SHB Funds	689,425	2.1
Enter Funds	597,712	1.8
T Rowe Price Funds	550,000	1.7
TOTAL	20,276,687	61.8

Annual General Meeting

The Annual General Meeting is Mekonomen's highest governing body, at which every shareholder is entitled to participate. The Annual General Meeting shall be held within six months of the close of the financial year. The Annual General Meeting approves the income statement and balance sheet, the appropriation of the company's profit, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as makes decisions pertaining to proposals from the Board and shareholders. The company announces the date and location of the Annual General Meeting as soon as the Board has made its decision, but not later than in connection with the third-quarter report. Information pertaining to the location and time is available on the company's website. Shareholders that are registered in Euroclear's shareholders register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the agenda in the notification, minutes, etc., are available on the company's website.

With regard to participation in the Annual General Meeting, the Board has deemed it not financially justifiable at present to allow shareholders to participate in the Annual General Meeting through any means other than physical presence. It is the company's ambition that the Annual General Meeting shall be a consummate body for shareholders, in accordance with the intentions of the Swedish Companies Act, which is why the objective is that the Board in its entirety, the representative of the Nomination Committee, the President, auditors and other management executives must always be present at the Annual General Meeting.

NOMINATION COMMITTEE

In accordance with a resolution at the Annual General Meeting on 14 April 2011, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 23 May 2012 pertaining to:

- election of Chairman of the Meeting,
- number of Board members and deputy members,
- election of the Chairman of the Board and other members to the Board of Directors of the company,
- Board fees and possible remuneration for committee work, and
- appointment of and fees paid to auditors.

The Nomination Committee, prior to the 2012 Annual General Meeting, consists of Göran Ennerfelt, representing the Axel Johnson AB Group, Eva Fraim Påhlman, representing own shareholdings, Johan Lannebo, representing Lannebo Funds and Åsa Nisell representing Swedbank Robur Funds. The Nomination Committee elected Göran Ennerfelt as its Chairman. Mekonomen's Chairman, Fredrik Persson, has been co-opted to the Nomination Committee.

The Nominating Committee is entitled to charge the company with such costs as recruitment consultants and other consultants required to allow the Nominating Committee to fulfil its assignments. The Nominating Committee shall, in connection with its assignments otherwise, fulfil the tasks that rest upon the Nominating Committee in accordance with the Swedish Code for Corporate Governance.

Mekonomen has not established any specific age limit for Board meetings or time limits pertaining to the length of time Board members may sit on the Board. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

SPECIFIC INFORMATION ABOUT THE BOARD'S WORK

Size and composition

According to the Articles or Association, the Board of Directors shall comprise three to seven members and not more than three deputy members. The Board of Directors shall be elected annually at the Annual General Meeting. At the Annual General Meeting on 14 April 2011, it was decided that the Board shall comprise seven ordinary members with no deputy members. All existing Board members, Fredrik Persson, Marcus Storch, Antonia Ax:son Johnson, Kenny Bräck, Anders G Carlberg, Wolff Huber and Helena Skåntorp were re-elected. Fredrik Persson was elected Chairman of the Board.

All ordinary members are independent in relation to the company and its management in accordance with the definition in the Swedish Code of Corporate Governance. Three of the Board members are independent also in relation to major shareholders. The President is not a member of the Board and neither is any other member of the Management Group.

Board members

It is the opinion of the Nomination Committee that the Board's structure in terms of competency, experience and background is compatible with the company's operations, development phase and circumstances.

Chairman of the Board

The Chairman of the Board, Fredrik Persson, is not employed by the company and does not have any assignments for the company beyond his chairmanship. It is the opinion of the Board that Fredrik Persson ensures that the Board conducts its assignments efficiently and also fulfils its duties in accordance with applicable laws and regulations.

The Board's working procedures

The Board is responsible for the company's organisation and management and shall also make decisions pertaining to strategic issues. During 2011, the Board held ten meetings, of which one was a statutory meeting. The minutes of the meetings were recorded by the Board's secretary, who is the company's CFO. Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives have participated in the Board Meetings in a reporting capacity, as necessary. No deviating views to be recorded in the minutes were expressed at any of the meetings during the year. Matters of high significance that were discussed during the year primarily concerned the company's financial development, the launch of new concepts and major acquisitions.

Assignments

In accordance with the requirements of the Code, the Board's ambition was to devote particular attention to establishing overall goals for the operation and decide on strategies by which to achieve the said goals, and in part to continuously evaluate the operating management, with the aim of securing the company's governance, management and control. The Board strives to ensure that there are functioning systems for the monitoring and control of the company's financial position in relation to the established goals, that control of compliance with laws and other regulations is implemented and that the provision of external information is open, objective and relevant.

There are written instructions that regulate the distribution of assignments between the Board and the President, and for the reporting process. The instructions are reviewed annually and are primarily:

- the rules of procedure for the Board's work,

- instructions for the President,
- attestation regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that this is done. The evaluation involves individual meetings between the Chairman of the Board and all Board members. The collective opinion is that the Board's work during 2011 functioned well and that the Board fulfilled the requirements of the Code pertaining to the Board's assignment.

The Annual General Meeting resolved, in accordance with the proposal from the Nomination Committee, to allocate Board fees amounting to SEK 1,700,000, of which SEK 400,000 to the Chairman of the Board and SEK 300,000 to the Deputy Chairman, with the remaining amount to be distributed equally among the other Board members.

Audit Committee

The entire Board of Mekonomen assumes responsibility for ensuring that the Group has acceptable procedures for internal control and high-quality and correct financial reporting. Twice per year, in connection with preparation of the financial accounting for the third quarter and annual financial statements, the company's auditors report on how the company ensured that accounting, management and financial control functioned. Following the formal report, the President and CFO leave the Board meeting to allow Board members to discuss with auditors without the participation of company officials.

Remuneration Committee

The Board of Directors has a Remuneration Committee comprising Fredrik Persson as Chairman, Marcus Storch and Anders G Carlberg. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration to senior executives. Four meetings were held during the year and all members were present at these meetings. In addition, the President of the company, Håkan Lundstedt, was present at these meetings.

Board of Directors	Present at Board meetings	Dependent/ independent *	Board member since
Fredrik Persson, Chairman	10/10	D	August 2006
Marcus Storch, Vice Chairman	10/10	D	August 2006
Wolff Huber	9/10	I	August 2006
Kenny Bräck	9/10	I	May 2007
Anders G Carlberg	10/10	D	August 2006
Helena Skåntorp	9/10	I	May 2004
Antonia Ax:son Johnson	8/10	D	August 2006

*) According to the definition in the Swedish Code of Corporate Governance.
All Board members are independent of the company and its management.
I = Board members concidered independent of major shareholders in the company.
D = Board members concidered dependent of major shareholders in the company.

COMPANY MANAGEMENT

President's assignment

The President is appointed and may be discharged by the Board and his/her work is continuously evaluated by the Board, which occurs without the presence of Company Management. Mekonomen's President and CEO, Håkan Lundstedt, is also a member of the Board of Vanna AB, Dialect AB, as well as the foundation En Frisk Generation and has no shareholdings or ownership in companies with significant business ties with Mekonomen.

Company management

A presentation of the company Management is found on pages 34-35.

Remuneration to Company Management

Mekonomen's Remuneration Committee makes decisions pertaining to remuneration of the President. Håkan Lundstedt has a basic salary per month and a variable salary portion, which is based on the company's profits and can amount to a maximum of 60 per cent of the basic annual salary. Under the pension terms, payment of pension premiums is made in the amount corresponding to 29 per cent of the basic salary. Other benefits consist of a company car. The period of notice is 12 months if termination is on the part of the company and six months on the part of the employee. If termination is initiated by the company, severance pay amounting to six months' salary is paid.

Issues pertaining to remuneration to other senior executives are also prepared by the Remuneration Committee. The principle for remuneration is based on the senior executives being offered market-based remuneration. The criteria shall accordingly be based on the significance of assignments, competency requirements, experience and performance and that remuneration shall comprise the following parts:

- fixed basic salary,
- variable remuneration,
- pension benefits,
- other benefits and severance terms.

The distribution between basic salary and variable remuneration shall be in proportion to the senior executive's responsibilities and authorities. The variable remuneration for senior executives is based partly on the Group's profit and partly on individual qualitative parameters and can amount to a maximum of four months' salary. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad. Pensionable salary refers to the basic salary. Severance pay for termination on the part of the company may amount to one annual salary. At the 2011 Annual General Meeting, it was also resolved that company management may receive a cash bonus from the company. The bonus will be profit-based and calculated on the Group's profit for the 2011-2013 financial years. The bonus program, in its entirety, as a total expense for the company, shall amount to a maximum of SEK 24 M for the period. The criteria for the size of an individual bonus shall be determined by the Board of Directors.

The Board has not made any decisions pertaining to share or share-price based incentive programs for Company Management.

AUDITORS

The auditors are appointed at the Annual General Meeting and are charged with reviewing the company's financial reporting and the Board's and President's management of the company. Deloitte AB, which has an organisation comprising broad and specialised competency that is well-suited to Mekonomen's operations, has been the company auditor since 1994. At the 2011 Annual General Meeting, Deloitte AB, with Authorised Public Accountant Thomas Strömberg as Auditor in Charge, was appointed the auditing firm until the 2012 Annual General Meeting. In addition to Mekonomen, Thomas Strömberg is also the auditor of Karolinska Development and Rezidor Hotel Group AB. Thomas Strömberg has no assignments in companies that are closely related to Mekonomen's major shareholders or President.

Remuneration to Deloitte, SEK M	2011	2010
Remuneration for audit assignments	6.0	5.6
Audit related services other than the audit assignment	0.0	0.1
Tax advice	0.0	0.1
Other services	0.0	0.1

REPORTING AND AUDIT

Reporting

The Board supervises the quality of the financial reporting through Instructions to the President. Jointly with the CFO, the President's assignment is to review and quality-assure all external financial reporting including financial statements, interim reports, annual reports and press releases with financial content, as well as presentation material in connection with meetings with the media, shareholders and financial institutions.

Audit

The entire Board of Mekonomen assumes responsibility for ensuring that the audit, in an efficient manner, establishes that the Group has acceptable procedures for internal control and high-quality and correct financial reporting. With regard to the preparation of the Board's work, the Board estimates that quality assurance of the financial reporting, which is conducted within the framework of the company's own internal control, corresponds to current requirements. The company's auditors personally present their plans, risk assessments and controls, as well as findings from the audit at two Board meetings during the year, which additionally secures the Board's information requirement. At these meetings, the President and CFO leave after presenting their formal reports to enable Board members to conduct discussions with auditors without the participation of company officials. The Board continuously evaluates the need to elect a specific Audit Committee.

INTERNAL CONTROL

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report was prepared in accordance with the Swedish Code of Corporate Governance, and FAR's guidance to the Swedish Code of Corporate Governance. The report is limited to address internal control pertaining to financial reporting and Mekonomen has elected to only submit a description of how internal control is organised.

Control environment

The control environment represents the basis for the internal control pertaining to financial reporting. An important part of the control environment is that decision paths, authorities and responsibilities must be clearly defined and communicated between various levels in the organisation and that the control documents are available in the form of internal policies, handbooks, guidelines and manuals. Thus, a key part of the Board's assignment is to prepare and approve a number of fundamental policies, guidelines and frameworks. These include the Board's working procedures, instructions for the President, investment policies, financial policies and the insider policy. The aim of these policies is to create a basis for sound internal control. Furthermore, the Board focuses on ensuring that the organisational structure provides distinct roles, responsibilities and processes that benefit the effective management of the operation's risks and facilitate target fulfilment. Part of the responsibility structure includes an obligation for the Board to evaluate the operation's performance and results on a monthly basis, through appropriate report packages containing income statements, balance sheets, analyses of important key ratios, comments pertaining to the business status of each operation and also quarterly forecasts for future periods. As a contribution to strengthening the internal control, Mekonomen prepared a financial handbook that provides an overall picture of existing policies, rules and regulations and procedures within the financial area. This is a living document, which will be updated continuously and adapted to changes within the Mekonomen operation. In addition to the financial handbook, there are instructions that provide guidance for the daily work in stores and the rest of the organisation, for example, pertaining to stock taking and cash-register reconciliation, etc.

Risk assessment

Mekonomen conducts continuous surveys of the Group's risks. During these surveys, a number of items were identified in the income statement and balance sheet in which the risks of errors in the financial reporting are elevated. The company works continuously on these risks by strengthening controls. Furthermore, risks are addressed in a special forum, including questions related to start-ups and acquisitions.

Control activities

The Group's control structure is formed to manage risks that the Board deems significant for the internal control of the financial reporting. The aim of the appropriate control activities is to discover, prevent and correct errors and deviations in the reporting. The control activities include reconciliation of accounts, analytic follow-up, comparison between income statements and balance sheets and control stock-taking in warehouses and stores.

Internal audit

Mekonomen has an internal audit department, which is an independent and objective hedging and advice unit that generates value and improves the Group's operations. This is done by evaluating and proposing improvement in such areas as risk management, compliance with policies and efficiency in the internal control of financial reporting. The function works throughout the Group. The Head of the internal audit reports to the Board of Directors, the CEO and CFO and informs management in each business area and other units on the results of the audits performed.

Information and communication

Policies and guidelines are particularly important for accurate accounting, reporting and dissemination of information. Within Mekonomen, policies and guidelines are continuously updated pertaining to the financial process. This occurs primarily within respective Group functions aimed at the various operations through e-mails, but also in connection with quarterly control meetings in which all financial managers/controllers participate. For communication with internal and external parties, there is a communications policy that states guidelines for conducting communication. The aim of the policy is to ensure that all information obligations are complied with in a correct and complete manner.

Follow-up

The Board continuously evaluates the information submitted by Company Management and auditors. The CEO and CFO hold monthly reviews with individual Heads of Operations pertaining to the financial position. Group accounting also cooperates closely with the subsidiaries' controllers on matters pertaining to accounts and reporting. The follow-up and feedbacks concerning possible deviations arising in the internal controls are a key part of the internal control work since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

Board of Directors

Fredrik Persson
Chairman of the Board. Born 1968.
Graduate in Business Administration, the Stockholm School of Economics and studies at Wharton School in the US.
Other assignments: Chairman of the Board of Axfood AB, Axstores AB and Svensk Bevaknings-Tjänst AB. Deputy Chairman of Martin & Servera AB and Svensk Handel. Board member of Axel Johnson International AB, AxFast AB, NovAx AB, Lancelot Asset Management, Svenska Handelsbanken Region Stockholm, the Confederation of Swedish Enterprise and Electrolux AB. Furthermore, Fredrik Persson is also President of Axel Johnson AB.
Shares in Mekonomen: 1,000.
Board member since 2006.

Antonia Ax:son Johnson
Born 1943.
B.Sc., University of Stockholm.
Other assignments: Chairman of the Board of Axel Johnson AB, as well as the Axel and Margaret Ax:son Johnson's Foundation. Deputy Chairman of Nordstjernan AB. Board member of Axel Johnson Holding AB, Axel Johnson Inc., Axfast AB, Axfood AB, Axel and Margareta Ax:son Johnson's Foundation for Public Service, Nordstjernan Holding AB, Nordstjernan Kultur och Media AB, Axess Publishing AB, NCC AB, the Royal Swedish Academy of Engineering Sciences (IVA) and Antonia Ax:son Johnson's Foundation for Environment and Development.
Shares in Mekonomen: 9,516,235 through companies.
Board member since 2006.

Marcus Storch
Vice Chairman of the Board Born 1942.
Graduate Engineer, Royal Swedish Institute of Technology, Stockholm, Medicine Dr h.c.
Other assignments: Chairman of the Board of the Nobel Foundation, the foundation Min Stora Dag and KEBRIS AB. Vice Chairman of Axel Johnson AB and Axfood AB. Board member of Nordstjernan AB, Storch & Storch AB, as well as member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA).
Shares in Mekonomen: 0.
Board member since 2006.

Kenny Bräck
Born 1966.
Upper Secondary School Education.
Other assignments: Own company and previously professional racing car driver.
Shares in Mekonomen: 1,000.
Board member since 2007.

Anders G Carlberg
Born 1943.
MBA Economics, Lund.
Other assignments: Chairman of the Board of Höganäs AB and Herenco AB, Deputy Chairman of Sapa AB, as well as Board member of Sweco AB (publ), AxFast AB, Beijer Alma AB, Axel Johnson Inc., SSAB AB, Investmentaktiebolaget Latour, Erik Penser Bankaktiebolag, Recipharm AB (publ), Smilbandsbolaget AB and Åda Golfintressenter AB.
Shares in Mekonomen: 1,000.
Board member since 2006.

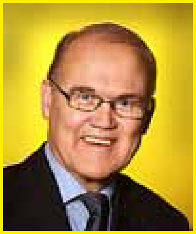
Wolff Huber
Born 1942.
Other assignments: Previously President of Bil Sweden, Volvo Car Europe and IBM Svenska AB.
Shares in Mekonomen: 0.
Board member since 2006.

Helena Skåntorp
Born 1960.
Graduate in Business Administration, University of Stockholm.
Other assignments: Board member of ÅF AB (publ), 2E Group AB and President of Lernia AB. Furthermore, Helena Skåntorp is also Chairman of the Board for a number of Lernia AB's subsidiaries, as well as Chairman of the Board and President of Skåntorp & Co AB.
Shares in Mekonomen: 2,000.
Board member since 2004.

All shareholdings are reported at 31 December 2011.

Management

Håkan Lundstedt
President and CEO
Born 1966.
Experience: President of Lantmännen AXA AB, Cerealia Foods AB and Kungsörnen AB. Founder and Chairman of the Board of Gooh AB.
Other assignments: Board member of Vanna AB, Dialect AB and the foundation En Frisk Generation.
Shares in Mekonomen: 46,600.
Employed 2007.



Nils-Erik Brattlund
Establishment Manager.
Born 1951.
Experience: President of Tillbryggerier Umeå AB, Administrative Manager of the Tillbryggeri Group, President of Åreliftarna AB, President of Bilbolaget Trucks & Buses, President of Bilbolaget Passenger Cars, General Manager of Bilia, Personnel Manager Bilia.
Shares in Mekonomen: 1,300.
Employed 2005.

Krister Duwe
Head of Retail operations in Sweden.
Born 1969.
Experience: Sales Director of Alcro-Beckers AB, Sales Manager of Skogaholm SE, Sales Manager of Lantmännen AXA AB.
Shares in Mekonomen: 3,365.
Employed 2010.

Lars From
Head of the Retail in Denmark.
Born 1965.
Experience: Export Director of SBS, Segment Manager of Vestfrost.
Other assignments: Board member of Dansea Holding AS.
Shares in Mekonomen: 1,200.
Employed 2009.

Marcus Larsson
Executive Vice President
Born 1970.
Experience: Sales Manager, Business Development Manager of the Volkswagen Group. Other assignments: Board member of Telge Inköp AB.
Shares in Mekonomen: 1,000.
Employed 2003.

Staffan Lindewald
Head of Fleet.
Born 1973.
Experience: President of GoGreen AB, Market Area Director at Cerealia Foods AB, Logistics Manager at Kungsörnen AB.
Shares in Mekonomen: 300.
Employed 2008.

Gunilla Spongh
CFO
Born 1966.
Experience: Finance Director of CashGuard AB, Finance Director of Enea AB, Vice President of Finance & Controlling Fresenius Kabi Parenteral Nutrition, Finance Manager of Electrolux Professional AB, Financial Manager of Electrolux Storkök AB.
Other assignments: Board member of Infranord AB.
Shares in Mekonomen: 6,000.
Employed 2007.

Siri Unander-Scharin
HR Manager
Born: 1961.
Experience: HR Director at Samsung Electronics Nordic, HR Director at Danfoss Heat Pumps AB. HR/competency development at Rolls-Royce AB.
Shares in Mekonomen: 0
Employed 2010.

Petter Torp
Head of Retail in Norway.
Born 1955.
Experience: Marketing Director of Scangross Disribution AS.
Other assignments: Board member of Team Verksedsenter Trøndelag AS.
Shares in Mekonomen: 300.
Employed 1997.

All shareholdings are reported at 31 December 2011.

INCOME STATEMENT

SEK M	Note	2011	2010
Net sales	2	4,140	3,374
Other operating revenue		97	73
TOTAL REVENUES		**4,237**	**3,447**
OPERATING EXPENSES			
Goods for resale		–1,866	–1,607
Other external costs	4	–786	–565
Personnel expenses	5	–966	–741
Depreciation/amortisation of tangible and intangible fixed assets	6	–83	–49
EBIT		**536**	**485**
FINANCIAL INCOME AND EXPENSES			
Income from divestment of subsidiaries		2	0
Interest income		7	5
Interest expenses		–21	–3
Other financial items		–1	–2
PROFIT AFTER FINANCIAL ITEMS		**523**	**485**
Tax on profit for the year	9	–143	–134
PROFIT FOR THE YEAR		**380**	**351**
Profit for the year attributable to:			
Parent Company's shareholders		370	338
Non-controlling interest		10	13
Profit for the year		**380**	**351**
Earnings per share before dilution attributable to Parent Company's shareholders, SEK*		11.39	10.95

*) No dilution is applicable.

GROUP COMPREHENSIVE INCOME

SEK M	2011	2010
Profit for the year	380	351
Other comprehensive income		
Exchange-rate difference from translation of foreign subsidiaries	16	–35
Actuarial gains	1	–
Other comprehensive income/expense, net after tax	***17***	***–35***
PROFIT FOR THE YEAR	**397**	**316**
Comprehensive income for the period attributable to		
Parent Company's shareholders	387	303
Non-controlling interest	10	13
	397	**316**

CASH FLOW

SEK M	Note	**2011**	2010
OPERATING ACTIVITIES			
Profit after financial items		523	485
Adjusted for items not affecting liquidity	27	78	49
		601	**534**
Tax paid		–161	–99
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		**440**	**435**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease(+)/increase(–) of inventories		–69	–64
Decrease(+)/increase(–) of receivables		–115	–82
Decrease(–)/increase(+) of liabilities		3	69
INCREASE(–)/DECREASE(+) RESTRICTED WORKING CAPITAL		**–181**	**–77**
CASH FLOW FROM OPERATING ACTIVITIES		**259**	**358**
INVESTMENTS			
Acquisition (–) of subsidiaries	28	–383	–79
Divestment(+)/acquisition(–) of subsidiaries	28	8	1
Acquisition of fixed assets		–135	–97
Divestment of tangible fixed assets		5	1
Increase(–)/decrease(+) of long-term lending*)		–7	–10
CASH FLOW FROM INVESTING ACTIVITIES		**–512**	**–184**
FINANCING ACTIVITIES			
Loan repayment (–)/loans raised (+)		522	67
Dividends paid		–276	–227
CASH FLOW FROM FINANCING ACTIVITIES		**246**	**–160**
CASH FLOW FOR THE YEAR		**–7**	**14**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**74**	**60**
Exchange-rate difference in cash and cash equivalents		0	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	**67**	**74**

*) Compared with the 2010 Annual Report, a reclassification was conducted pertaining to the cash-flow statement for 2010, of SEK 10 M between cash flow from investing activities and cash flow from financing activities. The reclassification had no impact on cash flow for the year.

Interest received amounted to SEK 7 M (5) and interest paid amounted to SEK 21 M (3).

BALANCE SHEET

SEK M	Note	31 Dec. 2011	31 Dec. 2010
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS	13		
Goodwill		789	281
Brands		63	5
Franchise contracts		44	–
Customer relationships		128	–
Capitalised expenditure for IT systems		92	62
TOTAL INTANGIBLE ASSETS		**1,116**	**348**
TANGIBLE FIXED ASSETS			
Improvement costs, third-party property	10	41	26
Equipment and transport	12	191	139
Leased equipment and transport	12	3	3
TOTAL TANGIBLE FIXED ASSETS		**235**	**168**
FINANCIAL FIXED ASSETS			
Other long-term receivables	15	67	36
TOTAL FINANCIAL FIXED ASSETS		**67**	**36**
Deferred tax assets	14	**0**	**3**
TOTAL FIXED ASSETS		**1,418**	**555**
CURRENT ASSETS			
Goods for resale		934	680
Properties held for sale	10	–	3
Current receivables	16, 17	636	446
Cash and cash equivalents	18	67	74
TOTAL CURRENT ASSETS		**1,637**	**1,203**
TOTAL ASSETS		**3,054**	**1,758**

BALANCE SHEET

SEK M	Note	31 Dec. 2011	31 Dec. 2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Share capital, 32,814,605 (30,868,822) shares		82	77
Other capital contributions		805	343
Translation reserve		0	–16
Profit brought forward including profit for the year		652	551
TOTAL SHAREHOLDERS EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS		**1,539**	**955**
Non-controlling interest		17	19
TOTAL SHAREHOLDERS' EQUITY		**1,556**	**974**
LONG-TERM LIABILITIES			
Liabilities to credit institutions, interest-bearing	19	449	1
Deferred tax liabilities	14	53	21
Provisions	20	9	2
TOTAL LONG-TERM LIABILITIES		**511**	**24**
CURRENT LIABILITIES			
Liabilities to credit institutions, interest-bearing	19, 21	198	85
Tax liabilities		83	75
Other current liabilities, non-interest-bearing	21, 22	707	600
TOTAL CURRENT LIABILITIES		**988**	**760**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,054**	**1,758**
MEMORANDUM ITEMS			
Pledged assets	23	None	92
Contingent liabilities	23	20	20

INCOME STATEMENT

SEK M	Note	2011	2010
	1		
Net sales	2, 29	129	115
Other operating revenue		46	39
TOTAL REVENUES		**175**	**154**
OPERATING EXPENSES			
Goods for resale		–21	–18
Other external costs	4	–90	–75
Personnel expenses	5	–72	–64
Depreciation/amortisation and impairment of tangible and intangible fixed assets	6	–13	–10
EBIT		**–21**	**–13**
FINANCIAL INCOME AND EXPENSES			
Dividend on shares in subsidiaries		146	100
Group contributions received		228	285
Income from divestment of shares in subsidiaries		1	1
Interest income		24	12
Interest expenses		–22	–4
PROFIT AFTER FINANCIAL ITEMS		**356**	**381**
Appropriations	7	–13	–2
Tax on profit for the year	9	–53	–75
PROFIT FOR THE YEAR		**290**	**304**

PARENT COMPANY COMPREHENSIVE INCOME

SEK M	2011	2010
Profit for the year	290	304
PROFIT FOR THE YEAR	**290**	**304**

CASH FLOW

SEK M	Note	**2011**	2010
OPERATING ACTIVITIES			
Profit after financial items		356	381
Adjusted for items not affecting liquidity	27	–215	–303
		141	**77**
Tax paid		–58	–50
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**83**	**27**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease(+)/increase(-) of inventories		0	0
Decrease(+)/increase(-) of receivables		93	237
Decrease(-)/increase(+) of liabilities		8	9
INCREASE(-)/DECREASE(+) RESTRICTED WORKING CAPITAL		**101**	**246**
CASH FLOW FROM OPERATING ACTIVITIES		**184**	**273**
INVESTMENTS			
Divestment(+)/acquisition(-) of subsidiaries		–326	–32
Acquisition of fixed assets		–40	–35
Divestment of tangible fixed assets		0	0
CASH FLOW FROM INVESTING ACTIVITIES		**–366**	**–67**
FINANCING ACTIVITIES			
Loan repayment (-)/loans raised (+)		458	–
Increase(-)/decrease(+) of long-term lending		–12	–
Dividends paid		–263	–216
CASH FLOW FROM FINANCING ACTIVITIES		**183**	**–216**
CASH FLOW FOR THE YEAR		**1**	**–10**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		0	10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	**1**	**0**

Interest received amounted to SEK 24 M (12) and interest paid amounted to SEK 22 M (4).

BALANCE SHEET

SEK M	Note	31 Dec. 2011	31 Dec. 2010
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS	13		
Capitalised expenditure for IT systems		92	62
		92	**62**
TANGIBLE FIXED ASSETS			
Buildings		1	2
Equipment and transportation	12	7	8
		8	**10**
FINANCIAL FIXED ASSETS			
Participation in Group companies	24	1,120	280
Receivables in Group companies		12	–
		1,132	**280**
TOTAL FIXED ASSETS		**1,232**	**352**
CURRENT ASSETS			
INVENTORIES			
Goods for resale		1	1
CURRENT RECEIVABLES			
Accounts receivables		14	10
Receivables in Group companies		690	574
Other receivables		2	0
Prepaid expenses and accrued income	17	106	93
TOTAL CURRENT RECEIVABLES		**812**	**677**
Cash and cash equivalents	18	1	0
TOTAL CURRENT ASSETS		**814**	**678**
TOTAL ASSETS		**2,046**	**1,030**

BALANCE SHEET

SEK M	Note	31 Dec. 2011	31 Dec. 2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
RESTRICTED SHAREHOLDERS' EQUITY			
Share capital, 32,814,605 (30,868,822) shares		82	77
Statutory reserve		3	3
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**85**	**80**
NON-RESTRICTED SHAREHOLDERS' EQUITY			
Profit brought forward		912	409
Profit for the year		290	304
TOTAL NON-RESTRICTED SHAREHOLDERS' EQUITY		**1,202**	**713**
TOTAL SHAREHOLDERS' EQUITY		**1,287**	**793**
UNTAXED RESERVES		**159**	**146**
PROVISIONS	20	**2**	**2**
LONG-TERM LIABILITIES			
Liabilities to credit institutions	19	445	–
TOTAL LONG-TERM LIABILITIES		**445**	**–**
CURRENT LIABILITIES			
Liabilities to credit institutions	19	60	–
Accounts payable		22	27
Liabilities to Group companies		28	3
Tax liabilities		17	22
Other liabilities		8	8
Accrued expenses and deferred income	22	18	29
TOTAL CURRENT LIABILITIES		**153**	**89**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,046**	**1,030**
MEMORANDUM ITEMS			
Pledged assets	23	**None**	**92**
Contingent liabilities	23	**20**	**20**

GROUP

SEK M	Share capital	Other capital contributions	Translation reserve	Profit brought forward	Total attributable to Parent Company owners	Of which, non-controlling interest	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2010	**77**	**343**	**19**	**438**	**877**	**18**	**895**
Translation difference pertaining to foreign operations			–35		–35	0	–35
Profit for the year				338	338	13	351
COMPREHENSIVE INCOME FOR THE YEAR			**–35**	**338**	**303**	**13**	**316**
Dividends				–216	–216	–11	–227
Acquisition/divestment of non-controlling interest				–9	–9	–1	–10
CLOSING BALANCE ON 31 DECEMBER 2010	**77**	**343**	**–16**	**551**	**955**	**19**	**974**
OPENING BALANCE ON 1 JANUARY 2011	**77**	**343**	**–16**	**551**	**955**	**19**	**974**
Translation difference pertaining to foreign operations			16		16	0	16
Actuarial gains				1	1	0	1
Profit for the year				370	370	10	380
COMPREHENSIVE INCOME FOR THE YEAR			**16**	**371**	**387**	**10**	**397**
Dividends				–263	–263	–13	–276
New share issue	5	462			467	0	467
Acquisition/divestment of non-controlling interest				–7	–7	1	–6
CLOSING BALANCE ON 31 DECEMBER 2011	**82**	**805**	**0**	**652**	**1,539**	**17**	**1,556**

Number of shares at 31 December 2011 amounted to 32,814,605 (30,868,822).

PARENT COMPANY

SEK M	Share capital	Statutory reserve	Profit brought forward	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2010	**77**	**3**	**625**	**705**
Dividends			–216	–216
Comprehensive income for the year			304	304
CLOSING BALANCE ON 31 DECEMBER 2010	**77**	**3**	**713**	**793**
Dividends			–263	–263
New share issue	5		462	467
Comprehensive income for the year			290	290
CLOSING BALANCE ON 31 DECEMBER 2011	**82**	**3**	**1,202**	**1,287**

NOTE 1 Accounting principles

ACCOUNTING AND MEASUREMENT POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations issued by IFRS' Interpretations Committee for application as of 1 January 2011 or later. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups, has been applied.

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the Group's reporting currency. All amounts are stated in SEK M, unless otherwise indicated.

The items in the Annual Report are measured at cost, with the exception of certain financial instruments, which are measured at fair value.

The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for legal entities.

A description of the principal accounting policies is found below.

Amended accounting policies 2011

None of the IFRS or IFRIC interpretations that are mandatory for the first time for the financial year beginning on 1 January 2011 has had any significant impact on the Mekonomen Group's financial reports for 2011.

Amended accounting policies 2012 and later

The new or amended standards and interpretation statements that will come into effect in 2012 have not been applied in advance in the preparation of these financial reports. New or amended standards that will be applicable after the 2012 financial year are not planned for advance application. They have been deemed not to have any material effect on the Mekonomen Group's income statement, balance sheets, cash-flow statements and shareholders' equity.
New and amended standards and interpretations that will come into effect in 2013 and later have not been approved for application within the EU. The effects they may have are yet unknown.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company and all companies over which the Parent Company has a controlling influence. Controlling influence refers to companies in which Mekonomen has a right to formulate financial and operational strategies. This normally occurs through ownership and voting rights of more than 50 per cent. The existence and effect of potential voting rights, which are currently available for exercise or conversion, are taken into account when an assessment is made of whether the Group can exercise controlling influence over another company. Subsidiaries are included in the consolidated accounts from the point in time at which controlling influence is achieved and excluded from the consolidated accounts from the point in time at which the controlling influence is lost.

The purchase method was used for reporting Group business acquisitions. The purchase consideration for the acquisition of a subsidiary is measured at fair value on transferred assets, liabilities arising in the Group from previous owners of the acquired company and the shares issued by the Group. The purchase consideration also includes the fair value of all assets or liabilities resulting from an agreement on conditional purchase consideration. Identifiable acquired assets and overtaken liabilities in a business acquisition are initially measured at fair value on the date of acquisition. For each acquisition - meaning, acquisition by acquisition - the Group decides whether the non-controlling interests in the acquired company are recognised at fair value or proportionate to the holding's share of the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are recognised in profit or loss as they arise.

If the business acquisition is implemented in several steps, the earlier equity shares in the acquired company are re-measured to its fair value on the date of acquisition. Any profit or loss arising is recognised in the profit or loss statement.

Each conditional purchase consideration to be transferred by the Group will be recognised at fair value on the date of acquisition. The subsequent changes in fair value of a conditional purchase consideration are recognised in the profit or loss. Conditional purchase consideration classified as shareholders' equity is not re-measured and the subsequent adjustment is recognised in shareholders' equity.

Goodwill is initially measured at the amount by which the total purchase consideration and fair value for the non-controlling interests exceeds the fair value of identifiable acquired assets and overtaken liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit or loss.

When necessary, subsidiaries' accounting is adjusted to comply with the same policies applied by the other Group companies. All internal transactions between Group companies and Group intermediaries are eliminated when preparing the consolidated financial statements.

Transactions with non-controlling interests that will not result in a loss of control are recognised as shareholders' equity transactions - meaning, transactions with shareholders in their roles as owners. In acquisitions from non-controlling interests, the difference between the fair value of purchase consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in shareholders' equity. Profit or losses on divestments to non-controlling interests are also recognised in shareholders' equity.

Translation of transactions in foreign currencies
Transactions in foreign currencies are translated into Swedish Kronor (SEK) based on the exchange rate on the date of the transaction. Monetary items (assets and liabilities) in foreign currencies are translated into SEK according to the exchange rate on the closing date. Exchange-rate gains and losses that arise in connection with such translations are recognised in profit or loss as Other operating revenue and/or Other operating expenses. Exchange-rate differences that arise in foreign long-term loans and liabilities are recognised in financial income and expenses.

Translation of foreign subsidiaries
When the consolidated accounts were prepared, the Group's foreign operations' balance sheets were translated from their functional currencies to SEK based on the exchange rates on the closing date. The income statements and other comprehensive income were translated at the average exchange rate for the period. Translation differences that arose were recognised through other comprehensive income against the translation reserve in shareholders' equity. The accumulated translation differences were transferred and recognised as part of capital gains or capital losses in cases where foreign operations were divested. Goodwill and adjustments to fair values attributable to acquisitions of operations using functional currencies other than SEK are treated as assets and liabilities in the acquired operations' currencies and translated at the exchange rates on the closing date.

Segment reporting
The Mekonomen Group uses geographic regions as segments, since the Group's organisation and control is based on geographical division. This division is the basis used by the chief operating decision-maker to monitor the organisation. The areas comprise the countries involved, Sweden, Norway and Denmark. Since the first quarter of 2011, the acquired Sørensen og Balchen Group has been a new operating segment within Mekonomen. Other segments comprise the Parent Company, Mekonomen Fleet AB, Speedy Autoservice AB, Marinshopen, Mekonomen Finland, Mekonomen BilLivet, as well as Group-wide and eliminations.

Profit/loss for each segment includes the contribution received by the segment through wholesale operations. This is to facilitate comparison between segments. There are no adjustments made to bonus in inventories for each segment relating to this contribution.

Revenue recognition
Sales of goods are recognised at delivery/handover of products to the customer, in accordance with conditions of sale. Sales are recognised net after deduction of discounts and value-added tax. Sales from the centralised warehouse to stores occur in the currency of the receiving country. Consequently, exchange-rate fluctuations only affect wholesale operations. Intra-Group sales are eliminated in the consolidated accounts.

Interest revenues are recognised on an accruals basis over the term by applying the effective interest method.

Leasing
A financial leasing contract is an agreement according to which the financial risks and benefits that are connected to ownership of an object are essentially transferred from the lessor to the lessee. The leasing object refers primarily to company vehicles, distribution vehicles and forklift trucks.

The Group's operational lease contracts consist primarily of leased premises.

Group as lessee
Assets held under financial leasing agreements are recognised as fixed assets in the consolidated balance sheets at fair value at the beginning of the leasing period or at the present value of minimum leasing fees if this is lower. The liability that the lessee has to the lessor is recognised in the balance sheet under the heading "Lease agreement" divided into long-term and short-term liabilities. Leasing payments are divided between interest and amortisation of debt. Interest is divided over the leasing period so that each reporting period is charged with an amount corresponding to a fixed interest rate of the liability recognised during each period. Interest expenses are recognised directly in profit or loss. Lease fees that are paid during operating lease agreements are systematically expensed over the leasing period.

Remuneration to employees
The Group has both defined-contribution and defined-benefit pension plans. A defined-benefit pension plan is a pension plan whereby the Group guarantees an amount, which the employee receives as pension benefits upon retirement, normally based on several different factors, for example, salary and period of service. A defined-contribution pension plan is a pension plan in which the Group, after having paid its pension premium to a separate legal entity, has fulfilled its commitments towards the employee.

Defined-contribution plans are recognised as an expense in the period to which the premiums paid are attributable.

Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method whereby expenses are distributed over the employee's period of employment. These commitments, meaning the liabilities that are recognised, are measured at the present value of expected future payments, taking estimated future salary increases into account, applying a discount rate corresponding to the interest on first-class corporate bonds issued in the same currency as the pension is to be paid in, with a remaining duration that is comparable to the current commitment and with deductions for the fair value of plan assets. In countries where there are no functioning markets for corporate bonds, a discount rate corresponding to the interest rate on government bonds is used. Consequently, a discount rate established by referring to the interest rate on government bonds is used for the Group's defined-benefit pension plans in Norway. Should a net asset arise, this will be recognised only to the extent that it represents future financial benefits, for example, in the form of repayments or reduced future premiums.

One of the Group's defined-benefit pension plans comprises a so-called multi-employer defined-benefit pension plan (ITP plan in Alecta). In accordance with Mekonomen's accounting policies, a multi-employer defined-benefit plan is recognised based on the rules of the plans and recognises its proportional share of the defined-benefit pension obligations and of plan assets and expenses related to the plan in the same manner as for any other similar defined-benefit pension plan. However, Alecta has not been able to present sufficient information to facilitate reporting as a defined-benefit plan, which is why the ITP plan is recognised as a defined-contribution plan in accordance with IAS 19.30.

In addition to the defined-benefit pension plans via Alecta described above, additional defined-benefit pension plans have been added in the Group during the financial year due to the acquisition of Sørensen og Balchen. Calculation and measurement according to the Projected Unit Credit Method was done on the date of acquisition and taken into account in the acquisition assessment. Actuarial gains and losses arising thereafter are recognised in their entirety in other comprehensive income/expense during the period in which they arose.

Remuneration in connection with termination of employment can be paid when an employee has been served notice of termination prior to the expiration of the normal pension date or when an employee accepts voluntary retirement. The Group recognises liabilities and expenses in connection with a termination of employment, when Mekonomen is unquestionably obligated to either terminate employment prior to the normal termination date or to voluntarily pay remuneration to encourage early retirement.

Mekonomen recognises a liability and an expense for bonuses when there are legal or informal obligations, based on earlier practice, to pay bonuses to employees.

Tax

The Group's total tax expense comprises current tax and deferred tax. Current tax is tax that shall be paid or received pertaining to the current year and adjustments of prior years' current tax. Deferred tax is calculated based on the difference between the carrying amounts and the values for tax purposes of company assets and liabilities. Deferred tax is recognised according to the balance sheet method. Deferred tax liabilities are recognised in principle on all taxable temporary differences, while deferred tax assets are reported to the extent that is probable that the amount can be utilised against future taxable surplus.

The carrying amount on deferred tax assets is assessed at each accounting year-end and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to be utilised either in its entirety or partially against the deferred tax asset.

Deferred tax is calculated based on the tax rates that are expected to apply for the period when the asset is recovered or the debt settled. Deferred tax is recognised as revenues or expenses in profit or loss, except in cases when it pertains to transactions or events that are recognised against other comprehensive income or directly against shareholders' equity. The deferred tax is then also recognised against other comprehensive income or directly against shareholders' equity. Deferred tax assets and tax liabilities are offset when they are attributable to income tax that is debited by the same authority and when the Group intends to pay the tax with a net amount.

Goodwill

Goodwill comprises the amount by which the cost exceeds the fair value of the Group's portion of the acquired subsidiary's identifiable net assets on the date of acquisition. If in conjunction with the acquisition, the fair value of the acquired assets, liabilities and contingent liabilities exceeds the cost, the surplus is recognised directly as income in profit or loss. Goodwill has an indefinite useful life and is recognised at cost less any accumulated impairments. In the divestment of an operation, the portion of goodwill attributable to this operation is recognised in the calculation of gain or loss on the divestment.

Other intangible assets

Expenditure for the development and implementation of IT systems can be capitalised if it is probable that future financial benefits will accrue the company and cost for the asset can be calculated in a reliable manner.

Brands, customer relations and franchise contracts acquired through business acquisitions are recognised at fair value on the date of acquisition.

Acquired brands have an indefinite useful period and are recognised at cost less any accumulated impairment losses. Customer relations, franchise contracts and strategic IT investments have definite useful periods and are recognised at cost less accumulated amortisation. Amortisation is applied according to the straight-line method across the assets' estimated useful period. The estimated useful period for each asset is stated in Note 13.

Tangible fixed assets

Tangible fixed assets are recognised as assets in the balance sheets if it is probable that future financial benefits will be accrued to the company and the cost of the asset can be calculated in a reliable manner. Tangible fixed assets, primarily comprising equipment, computers and means of transport, are recognised at cost with deduction for accumulated depreciation and any impairment. Depreciation of tangible fixed assets is recognised as an expense so that the asset's value is depreciated according to the straight-line method over its estimated useful life. The following percentages were applied for depreciation:

FIXED ASSETS	Per cent
Land improvements and permanent equipment in buildings	5–10
Equipment	10–20
Vehicles	20
Servers	20
Workplace computers	33

Impairment

Assets with an indefinite useful period, for example, goodwill and brands, are not impaired but are tested annually for any impairment requrements. Assets that are impaired are assessed with respect to value decline whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If this occurs, a calculation of the asset's recoverable value is done. The recoverable value comprises the highest of the useful value of the asset in the operation and the value that would be received if the asset was divested to an independent party, net realisable value. The useful value comprises the present value of all in and out payments attributable to the asset during the period it is anticipated to be used in the operation, plus the present value of the net realisable value at the end of the useful period. If the assessed recovery value falls below the carrying amount, an impairment is done to the asset's recoverable value. The impairment is recognised in profit or loss in the period it is determined.

With regard to goodwill items, a so-called impairment test is conducted at least once a year. Refer also to Note 13 for information on how this test is performed.

Previously recognised impairments are reversed only if there has been a change with respect to the assumption that served as the basis for determining the recovery value in connection with the impairment. If this is the case, a reversal will be conducted to increase the carrying amount of the impaired asset to its recovery value. A reversal of an earlier impairment occurs in an amount that does not allow the new carrying amount to exceed what would have been the carrying amount (after impairment) if the impairment had not taken place. Impairment pertaining to goodwill is never reversed.

Assets held for sale

Fixed assets that Mekonomen has offered for sale, which are also immediately available for sale and for which the carrying amount will largely be recovered through the sale, are recognised as current assets. Such assets are measured and thereby recognised at the lowest of the carrying amount and fair value after deductions for selling expenses.

Inventories

Inventories are recognised at the lower of the cost and net realisable value. The cost is established by using the first in/first out principle (FIFO).

A provision for estimated obsolescence in inventories is established when there is an objective basis to assume that the Group will be unable to receive the carrying amount when inventories are sold in the future. The size of the provision amounts to the difference between the asset's carrying amount and the value of expected future cash flows. The reserved amount is recognised in profit or loss. The inventory value was reduced by the value included in the inter-company profit from goods sold from the wholesaler to the company's own stores on the goods that are still in stock. Furthermore, the inventory value was also reduced by the value of the remaining portion of the supplier bonus on goods that are still in stock.

Financial instruments

Financial assets recognised as assets in the balance sheet include loan receivables, accounts receivable and cash and cash equivalents. Liabilities in the balance sheet include long-term and short-term loans and accounts payable. A currency derivative is recognised either as an asset or liability, depending on changes in the exchange rate. A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contractual conditions. Accounts receivable are recognised when an invoice is sent and accounts payable are recognised when an invoice has been received. With the exception of cash and cash equivalents, only an insignificant portion of the financial assets is interest-bearing, which is why interest exposure is not recognised. The maximum credit risk corresponds to the carrying amount of the financial assets. The terms for long-term and short-term loans are stated in separate note disclosures; other financial liabilities are non-interest-bearing. A financial asset, or portion thereof, is eliminated when the rights contained in the contract are realised or mature. A financial liability, or portion thereof, is eliminated as it is regulated when the commitment in the agreement has been fulfilled or has been terminated in another manner.

Calculation of fair value, financial instruments
When establishing the fair value of derivatives, official market listings on the balance-sheet date are used. If no such information is available, a measurement is conducted applying established methods, such as discounting future cash flows to the quoted market rate for each term. Translation to SEK is based on the quoted exchange rate on the balance-sheet date.

Long-term receivables
Long-term receivables comprise primarily deposits and lease-purchase agreements. These are recognised at the accrued cost.

Accounts receivables
Accounts receivable are recognised net after provisions for possible bad debts. The expected term of accounts receivable is short, which is why the amount is recognised at nominal value without discounting in accordance with the method for accrued cost. A provision for possible bad debts on accounts receivable is made when there are objective indications to assume that the Group will not be able to receive all the amounts that are due for payment in accordance with the receivables' original conditions. The size of the provision consists of the difference between the asset's carrying amount and the value of estimated future cash flows. The reserved amount is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at nominal value.

Derivative instruments
Mekonomen applies hedge accounting with regard to receivables in foreign currencies. Hedging is conducted using forward contracts with a maximum term of three months. Hedged receivables in foreign currencies are recognised at the interest rate applying on the balance-sheet date and hedging instruments are recognised separately at fair value in the balance sheet and the change in value is recognised in profit or loss.

Accounts payable
The expected term for accounts payable is short, which is why the debt is recognised at nominal value without discounting according to the method for accrued cost.

Loans
Liabilities to credit institutions, overdraft facilities and other liabilities (loans) are initially recognised at fair value net after transaction costs. Thereafter, loans are recognised at accrued cost. Possible transaction costs are distributed over the loan period applying the effective interest method. Long-term liabilities have an estimated term longer than one year while short-term liabilities have a term of less than one year.

Share capital
Ordinary shares are classified as share capital. Transaction costs in connection with a new rights issue are recognised as a deduction, net after tax, from proceeds from the rights issue.

CASH-FLOW STATEMENT
The cash-flow statement was prepared in accordance with the indirect method. The recognised cash flow comprises only transactions that result in inward and outward payments.

PARENT COMPANY ACCOUNTING POLICIES
The Parent Company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities. Application of RFR 2 means that the Parent Company shall, in the annual accounts for a legal entity, apply all of the IFRS and statements that have been approved by the EU where this is possible within the framework of the Swedish Annual Accounts Act and the law on safeguarding of pension commitments and taking into account the link between accounting and taxation. The recommendation specifies which exceptions and additions shall be made from IFRS. The differences between the Group's and the Parent Company's accounting policies are stated below.

The policies have been applied consistently for all years presented, unless otherwise stipulated.

Amended accounting policies 2011
The amendments in RFR 2 Accounting for Legal Entities, which gained legal force and apply for the 2011 financial year, entailed that Group contributions may no longer be recognised against shareholders' equity. Group contribution that the Parent Company receives from a subsidiary is recognised according to the same policies as normal dividends from subsidiaries and recognised as financial income. Group contribution paid from the Parent Company to subsidiaries is recognised in profit or loss as a financial item. The comparative year 2010 has been recalculated.

Other amendments to RFR 2 have not had any material impact on the Parent Company's financial statements.

Shares and participations in subsidiaries
Participations in subsidiaries are recognised in the Parent Company according to the cost method. Acquisition-related costs for subsidiaries, expensed in the consolidated accounting, are included as part of the cost for participations in subsidiaries.

Conditional purchase considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision/receivable will be added/deducted from the cost. In the consolidated accounting, conditional purchase consideration is recognised at fair value with value changes in profit or loss. The carrying amount for participations in subsidiaries is tested pertaining to any impairment requirements when there are indications of impairment needs.

Tax
The amounts reserved as untaxed reserves consist of taxable temporary differences. Due to the link between accounting and taxation, the deferred tax liabilities that are attributable to the untaxed reserves, are not recognised separately in a legal entity. The changes in untaxed reserves are recognised in accordance with Swedish practice in profit or loss for individual companies under the heading "Appropriations." The accumulated value of provisions are recognised in the balance sheet under the heading "Untaxed reserves," of which 26.3 per cent is regarded as deferred tax liabilities and 73.7 per cent as restricted shareholders' equity.

Group contribution and shareholders' contribution
Shareholders' contribution paid is recognised as an increase in the value of shares and participations. An assessment is then conducted as to whether impairment requirements exist for the value of the shares and participations in question.

A Group contribution received by a Parent Company from a subsidiary must be recognised in the Parent Company according to the same policies as normal dividends from subsidiaries. This means that the Group contribution must be recognised as financial income. Tax on Group contribution is recognised according to IAS 12 in profit or loss.

For Group contributions paid, the Parent Company applies the permitted option in RFR 2 to recognise the Group contribution as an expense in profit or loss. The tax effect is recognised according to IAS 12 in profit or loss.

Pensions
Defined-benefit and defined-contribution pension plans are recognised in accordance with the present Swedish accounting standard, which is based on the regulations in the law on safeguarding of pension commitments.

Leasing
All leasing agreements, regardless whether they are financial or operational, are recognised as operational leasing agreements (rental agreements), which means that the leasing charges are distributed according to the straight-line method across the leasing period.

Other information
The financial reports are stated in SEK M, unless otherwise stipulated. Rounding off may result in some tables not being summarised.

NOTE 2 Segment information

	Sweden		Norway		Denmark		Sørensen og Balchen**		Other***		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
REVENUES												
External net sales	1,747	1,708	808	817	759	777	603	–	223	73	4,140	3,374
Internal revenues	794	724	4	1	11	0	6	–	–815	–725	0	–
Other revenues	48	32	9	7	0	0	4	–	36	33	97	73
TOTAL REVENUES	**2,589**	**2,464**	**821**	**825**	**770**	**777**	**613**	–	**–556**	**–619**	**4,237**	**3,447**
EBIT	**323**	**310**	**132**	**144**	**63**	**45**	**88**	–	**–70**	**–14**	**536**	**485**
Financial items, net											–13	0
PROFIT BEFORE TAX											**523**	**485**
Assets	1,128	864	326	220	448	353	1,057	–	–108	–96	2,852	1,341
Undistributed assets									202	417	202	417
TOTAL ASSETS	**1,128**	**864**	**326**	**220**	**448**	**353**	**1,057**	–	**95**	**321**	**3,054**	**1,758**
Liabilities	1,026	873	168	95	216	183	79	–	–306	–297	1,183	854
Unallocated liabilities									315	–70	315	–70
TOTAL LIABILITIES	**1,026**	**873**	**168**	**95**	**216**	**183**	**79**	–	**9**	**–366**	**1,498**	**784**
Investments, tangible assets	48	47	11	6	27	8	4	–	5	10	95	68
Investments, IT systems									39	29	39	29
Depreciation (tangible assets)	29	22	5	6	12	12	5	–	7	5	58	44
Amortisation (intangible assets)	–	–	–	–	–	–	15	–	10	5	25	5
Average number of employees for the period	857	774	267	251	392	358	208	–	234	79	1,958	1,462
Number of own stores	114	110	36	32	40	37	35	–	4	3	229	182
Number of partnership stores	30	30	17	15	14	3	42	–	2		105	48
NUMBER OF STORES IN THE CHAIN	**144**	**140**	**53**	**47**	**54**	**40**	**77**	–	**6**	**3**	**334**	**230**
KEY FIGURES												
EBIT margin, %*	18	18	16	18	8	6	15	–			13	14
Sales increase, %	2	6	–1	12	–2	–5	–	–			23	8
Sales/employee, SEK 000s (converted into one-year balance)	3,021	3,183	3,075	3,287	1,946	2,170	2,947	–	–		2,164	2,358
Operating profit/loss per employee, SEK 000s (converted into one-year balance)	377	408	494	586	161	131	423	–	–		274	334

*) When calculating the EBIT margin for the segments, internal sales were excluded.
**) Sales and revenue pertain to the 11 March – 31 December 2011 period and were entirely attributable to the operation in Norway.
***) Others comprise Mekonomen AB, Mekonomen Fleet AB, Speedy Autoservice AB, Mekonomen Finland, Marinshopen, Mekonomen BilLivet, as well as Group-wide and eliminations.

Group has no individual customers that account for 10 per cent or more of the Group's revenue.

NOTE 3 Significant appreciations and assessments

The preparation of the annual accounts and application of various accounting standards are based to a certain extent on management's assessments or assumptions and appreciations that are considered reasonable under the circumstances. These assumptions and appreciations are frequently based on historic experience but also on other factors, including expectations on future events. The results could differ if other assumptions and appreciations were used and the actual outcome will, in terms of definition, rarely agree with the estimated outcome. The assumptions and appreciations made by Mekonomen in the 2011 annual accounts, and which had the greatest impact on results and assets and liabilities, are discussed below.

GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLE FIXED ASSETS

In assessing the impairment requirement of goodwill, appreciations and assessments are conducted on the relevant company's future earnings capacity and growth, as well as discount-rate assumptions. These assumptions are described in detail in Note 13, Intangible fixed assets.

COMPANY ACQUISITIONS

In conjunction with acquisitions, analyses are prepared in which all identifiable assets and liabilities, including intangible assets, are identified and measured at fair value at the acquisition date. In accordance with IFRS 3, acquired identifiable intangible assets, for example, customers, brands and customer relations, shall be separated from goodwill. This applies if these fulfil the criteria as assets, meaning, they are possible to separate or are based in contractual or other formal rights, and that their fair values can be established in a reliable manner.

An examination is conducted at each acquisition. The remaining surplus value is allocated to goodwill. Measuring of identifiable assets and liabilities in acquisition assessments is subject to important estimations and assessments.

NOTE 4 Audit expenses

	Group		Parent Company	
	2011	2010	**2011**	2010
DELOITTE AB				
Audit assignment	6	6	1	1
Audit related services other than the audit assignment	0	0	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
TOTAL	**6**	**6**	**1**	**1**

NOTE 5 Average number of employees, salaries, other remuneration and social security contributions

	2011		2010	
AVERAGE NUMBER OF EMPLOYEES	No. of employees	Of whom, men %	No. of employees	Of whom, men %
PARENT COMPANY				
Sweden	76	75	58	76
TOTAL IN PARENT COMPANY	**76**	**75**	**58**	**76**
SUBSIDIARIES				
Sweden	1,000	80	792	79
Denmark	392	84	358	85
Norway	475	85	251	84
Finland	15	80	3	75
TOTAL IN SUBSIDIARIES	**1,882**	**82**	**1,404**	**82**
GROUP TOTAL	**1,958**	**82**	**1,462**	**81**

SALARIES, REMUNERATION, ETC., SEK 000s	Salaries and other remuneration	Soc. security expenses (of which pension costs)	Salaries and other remuneration	Soc. security expenses (of which pension costs
Parent Company	46,362	21,396	39,802	19,650
		(5,325)		(4,978)
Subsidiaries	722,748	170,952	549,125	130,203
		(37,942)		(32,426)
GROUP TOTAL	**769,110**	**192,348**	**588,927**	**149,853**
		(43,267)		**(37,404)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN THE PRESIDENT AND BOARD MEMBERS AND OTHER EMPLOYEES, SEK 000s	Board and President* (of which bonus, etc.)	Other employees	Board and President* (of which bonus, etc.)	Other employees
PARENT COMPANY				
Mekonomen AB	7,786	38,576	7,454	32,348
	(1,200)	(1,032)	(2,010)	(2,754)
TOTAL IN PARENT COMPANY	**7,786**	**38,576**	**7,454**	**32,348**
	(1,200)	**(1,032)**	**(2,010)**	**(2,754)**
SUBSIDIARIES IN SWEDEN	26,568	312,871	25,631	236,149
	(2,719)	(2,517)	(2,706)	(2,577)
SUBSIDIARIES ABROAD				
Denmark	1,796	149,130	2,572	162,024
	(53)	(0)	(255)	(0)
Norway	22,682	205,399	17,625	104,155
	(1,688)	(2,787)	(329)	(1,400)
Finland	–	4,302	–	969
	(–)	(–)	(–)	(–)
TOTAL IN SUBSIDIARIES	**51,046**	**671,702**	**45,828**	**503,297**
	(4,460)	**(5,304)**	**(3,290)**	**(3,977)**
GROUP TOTAL	**58,832**	**710,278**	**53,282**	**535,645**
	(5,660)	**(6,336)**	**(5,300)**	**(6,731)**

*) Remuneration to the Board of Directors and President includes the Parent Company and, where appropriate, subsidiaries in each country.

REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The annual Board fee totalling SEK 1,700,000 (1,360,000) was established in accordance with the resolution of the 2011 Annual General Meeting. From this, SEK 400,000 (320,000) represents fees to the Chairman of the Board and SEK 300,000 (240,000) to the Vice Chairman, as well as SEK 200,000 (160,000) to each of the remaining Board members.

No fees are paid to the Boards of other subsidiaries.

The President, Håkan Lundstedt, has a basic salary of SEK 400,000 per month and a variable salary portion, which is based on the company's profits and can amount to a maximum of 60 per cent of the basic annual salary. Pension provisions are paid in an amount corresponding to 29 per cent of the basis salary.

Other benefits consist of a company car. The period of notice is 12 months if termination is initiated by the company and six months if initiated by the employee. If termination is initiated by the company, severance pay amounting to six months' salary is paid. For other senior executives, remuneration follows the policies adopted at the 2011 Annual General Meeting. This means that the company shall strive to offer its senior executives market-based remuneration, that the criteria shall accordingly be based on the significance of assignments, competency requirements, experience and performance and that remuneration shall comprise the following parts: fixed basic salary, variable remuneration, pension benefits, other benefits and termination terms. The variable remuneration for other senior executives, excluding the President, is based partly on the Group's profit and partly on individual qualitative parameters and can amount to a maximum of four months' salary. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees abroad. Pensionable salary refers to the basic salary. Severance pay for termination on the part of the company can total a maximum of one annual salary. Matters pertaining to remuneration to Board members shall be prepared and resolved by the Board of Directors. At the 2011 Annual General Meeting, it was also resolved, upon approval by the Board of Directors, that company management may receive a cash bonus from the company. The bonus shall be profit-based and calculated on the consolidated profit for the 2011–2013 financial years. The bonus programme shall, in its entirety, as a total expense for the company, amount to a maximum of SEK 24 M for the period. No bonus was reserved as at 31 December 2011 pertaining to this bonus programme. The criteria for the size of an individual bonus shall be determined by the Board of Directors.

The Board has not made any decisions pertaining to share or share-price based incentive programs for Company Management.

Pensions

Commitments for old-age pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan that comprises several employers. In the 2011 financial year, the company did not have access to such information that made it possible to report this plan as a defined-benefit plan. ITP pension plans that are secured through insurance with Alecta are therefore reported as defined-contribution plans. The annual fees for pension policies signed with Alecta amounted to SEK 2 M (2). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2011, Alecta's surplus, in the form of the collective consolidation level, amounted to 113 per cent (143). The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial calculation commitments, which are not in agreement with IAS 19.

EXECUTIVES/OCCUPATION CATEGORY	Basic salary 2011 (2010)	Bonus 2011 (2010)	Board fees 2011 (2010)	Other benefits 2011 (2010)	Pension premiums 2011 (2010)
Fredrik Persson, Chairman of the Board			400 (320)		
Marcus Storch, Vice Chairman of the Board			300 (240)		
Antonia Ax:son Johnson, Board member			200 (160)		
Kenny Bräck, Board member			200 (160)		
Anders G Carlberg, Board member			200 (160)		
Wolff Huber, Board member			200 (160)		
Helena Skåntorp, Board member			200 (160)		
President	4,886 (4,084)	1,200 (2,010)		71 (66)	1,370 (1,166)
Other senior executives, 8 (8) *	11,725 (11,338)	1,612 (1,754)		818 (593)	2,243 (2,594)
TOTAL	**16,611** (15,422)	**2,812** (3,764)	**1,700** (1,360)	**889** (659)	**3,613** (3,760)

* During the comparative year 2010, the management group consisted of a total of ten individuals, in addition to the President. The average number of individuals in the management group, in addition to the President, amounted to eight in 2010.

Of all the company's officers and senior executives, two are women. The number of senior executives was nine, who also comprised the Group's management team. In addition to the President, they are the Executive Vice President, HR Manager, CFO, Establishment Manager, as well as Head of Operations for Norway, Denmark, Sweden and Mekonomen Fleet.

NOTE 6 Depreciation/amortisation of tangible and intangible fixed assets

	Group		Parent Company	
	2011	2010	**2011**	2010
Planned depreciation of tangible fixed assets	58	44	4	5
Amortisation, brands	1	0	–	–
Amortisation customer relationships	11	–	–	–
Amortisation franchise contracts	4	–	–	–
Amortisation of capitalised expenditure for IT systems	9	5	9	5
TOTAL DEPRECIATION/AMORTISATION ACCORDING TO PLAN	**83**	**49**	**13**	**10**

NOTE 7 Appropriations

	Parent Company	
	2011	2010
Reversal of tax allocation reserve	–	9
Changes in excess depreciation/amortisation	–13	–11
TOTAL APPROPRIATIONS	**–13**	**–2**

NOTE 8 Net profit/loss on financial instruments recognised in the income statement

	Group		Parent Company	
NET PROFIT/NET LOSS	**2011**	2010	**2011**	2010
Of which, financial instruments categorised as:				
Holdings for trading, derivatives	1	6	0	6
Accounts receivable, impairments	–5	–1	0	0

NOTE 9 Tax on profit for the year

	Group		Parent Company	
CURRENT TAX	**2011**	2010	**2011**	2010
Sweden	–75	–99	–53	–75
Other countries	–77	–44		
TOTAL CURRENT TAX	**–152**	**–143**	**–53**	**–75**
Changes in deferred tax temporary differences	9	9		
RECOGNISED TAX EXPENSES	**–143**	**–134**	**–53**	**–75**
TAX ON PROFIT FOR THE YEAR				
Recognised profit before tax	523	485	343	379
Tax according to applicable tax rate	–139	–130	–90	–100
Tax on standard interest on tax allocation reserves	–1	–1	–1	–1
Tax effects on expenses that are not tax deductible				
Other non-deductible expenses	–7	–3	–1	0
Other non-taxable revenue	1	0	39	26
Effects on adjustments from the preceding year	3	–	–	–
RECOGNISED TAX EXPENSES	**–143**	**–134**	**–53**	**–75**

NOTE 10 Improvement costs on third-party property

	Improvement costs, third-party property	
	Group	Parent Company
OPENING COST, 1 JANUARY 2010	**13**	**–**
Purchase, rebuilding and extensions, conversions	19	2
OPENING COST, 1 JANUARY 2011	**32**	**2**
Purchase, rebuilding and extensions, conversions	21	0
CLOSING COST, 31 DECEMBER 2011	**53**	**2**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY 2010	**–2**	**–**
Depreciation for the year	–3	–
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY 2011	**–5**	**–**
Depreciation for the year	–7	–1
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2011	**–12**	**–1**
CLOSING CARRYING AMOUNT 31 DECEMBER 2011	**41**	**1**

The improvement amounts are depreciated by 5-10 per cent based on the calculated financial service life or based on the length of the lease contract.

NOTE 11 Classification of financial assets and liabilities 2011

	Loan receivables and accounts receivables	Other liabilities	Derivative instrument	Non-financial assets/ liabilities	Total
	Amortised cost	Amortised cost	Fair value		
ASSETS					
Intangible fixed assets	–	–	–	1,116	1,116
Tangible fixed assets	–	–	–	235	235
Deposits paid	7	–	–	–	7
Hire-purchase contract	59	–	–	–	59
Other financial fixed assets	1	–	–	0	1
Inventories	–	–	–	934	934
Accounts receivables	411	–	–	–	411
Other current receivables	–	–	–	26	26
Other assets (derivatives)	–	–	0	–	0
Prepaid expenses and accrued income	–	–	–	199	199
Cash and cash equivalents	67	–	–	–	67
TOTAL ASSETS	**545**	**0**	**0**	**2,510**	**3,054**
SHAREHOLDERS’ EQUITY AND LIABILITIES					
Shareholders' equity	–	–	–	1,556	1,556
Provisions	–	–	–	9	9
Long-term liabilities to credit institutions	–	449	–	–	449
Deferred tax liabilities	–	–	–	53	53
Current liabilities	–	–	–	60	60
Current liabilities to credit institutions	–	198	–	–	198
Accounts payable	–	438	–	–	438
Current tax liabilities	–	–	–	83	83
Other liabilities (derivatives)	–	–	–	–	0
Accrued expenses and deferred income	–	–	–	209	209
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**0**	**1,085**	**0**	**1,970**	**3,054**

NOTE 11 Classification of financial assets and liabilities 2010

	Loan receivables and accounts receivables	Other liabilities	Derivative instrument	Non-financial assets/ liabilities	Total
	Amortised cost	Amortised cost	Fair value		
ASSETS					
Intangible fixed assets	–	–	–	348	348
Tangible fixed assets	–	–	–	168	168
Deposits paid	5	–	–	–	5
Hire-purchase contract	30	–	–	–	30
Deferred tax assets	–	–	–	3	3
Inventories	–	–	–	680	680
Accounts receivables	287	–	–	–	287
Other current receivables	–	–	–	18	18
Properties for sale	–	–	–	3	3
Other assets (derivatives)	–	–	0	–	0
Prepaid expenses and accrued income	–	–	–	141	141
Cash and cash equivalents	74	–	–	–	74
TOTAL ASSETS	**396**	**0**	**0**	**1,361**	**1,758**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	–	–	–	974	974
Provisions	–	–	–	2	2
Long-term liabilities	–	–	–	22	22
Current liabilities	–	–	–	44	44
Liabilities to credit institutions	–	85	–	–	85
Accounts payable	–	374	–	–	374
Current tax liabilities	–	–	–	75	75
Other liabilities (derivatives)	–	–	0	–	0
Accrued expenses and deferred income	–	–	–	182	182
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**0**	**459**	**0**	**1,299**	**1,758**

NOTE 12 Equipment and transportation

	Group		
	Equipment, transport	Leasing	Total
OPENING COST, 1 JANUARY 2010	**385**	**25**	**410**
Purchases	48	4	52
Purchase in connection with acquired operation	8		8
Sales/disposals	–21		–21
Exchange-rate fluctuations	–16		–16
CLOSING ACCUMULATED COST, 31 DECEMBER 2010	**404**	**29**	**433**
Purchases	74	4	78
Purchase in connection with acquisition of operation	32		32
Sales/disposals	–21		–21
Exchange-rate fluctuations	–1		–1
CLOSING ACCUMULATED COST, 31 DECEMBER 2011	**488**	**33**	**521**
OPENING DEPRECIATION, 1 JANUARY 2010	**–253**	**–22**	**–275**
Sales/disposals	17		17
Exchange-rate fluctuations	8		8
Depreciation for the year	–37	–4	–41
OPENING DEPRECIATION, 1 JANUARY 2011	**–265**	**–26**	**–291**
Sales/disposals	14		14
Exchange-rate fluctuations	1		1
Depreciation for the year	–47	–4	–51
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2011	**–297**	**–30**	**–327**
CARRYING AMOUNT, 31 DECEMBER 2011	**191**	**3**	**194**

LEASING

Leasing contracts refer to the leasing of distribution vehicles in Sweden and Norway and fork-lifts in Denmark.

	2011	2010
Leasing expenses for the year	12	10

FUTURE LEASING FEES FOR IRREVOCABLE LEASING CONTRACTS FALLING DUE FOR PAYMENT:	2011	2010
Within one year	224	153
Later than one year but within five years	593	412
After five years	216	163
	1,033	**728**

Of the future leasing fees, leased premises represent SEK 1,013 M (714).

	Parent Company	
EQUIPMENT AND TRANSPORT	**2011**	2010
OPENING COST	**47**	**43**
Purchases	2	4
Sales/disposals	–1	0
CLOSING ACCUMULATED COST	**48**	**47**
Opening depreciation	–38	–33
Sales/disposals	0	0
Depreciation for the year	–3	–5
CLOSING ACCUMULATED DEPRECIATION	**–41**	**–38**
CARRYING AMOUNT	**7**	**8**

NOTE 13 Intangible fixed assets

	Goodwill	Brands	Franchise contracts	Customer relations	IT investments in Parent Company	Total
OPENING COST, 1 JANUARY 2010	**241**	**–**	**–**	**–**	**54**	**296**
Acquisitions	48	5	–	–	29	83
Divestments	–	–	–	–	–	–
Translation differences, currency	–8	–	–	–	–	–8
OPENING COST, 1 JANUARY 2011	**281**	**5**	**–**	**–**	**84**	**371**
Acquisitions	500	57	47	136	39	779
Divestments	–	–	0	0	0	0
Translation differences, currency	8	1	1	3	0	13
CLOSING ACCUMULATED COST, 31 DECEMBER 2011	**789**	**64**	**48**	**139**	**123**	**1,163**
OPENING ACCUMULATED AMORTISATION, 1 JANUARY 2010	**–**	**–**	**0**	**0**	**–17**	**–17**
Amortisation for the year	**–**	–	0	0	–5	–5
OPENING ACCUMULATED AMORTISATION, 1 JANUARY 2011	**–**	**–**	**0**	**0**	**–22**	**–22**
Amortisation for the year	**–**	–1	–4	–11	–9	–25
Translation differences, currency	**–**	0	0	0	0	0
CLOSING ACCUMULATED AMORTISATION, 31 DECEMBER 2011	**–**	**–1**	**–4**	**–11**	**–31**	**–47**
CLOSING PLANNED RESIDUAL VALUE, 31 DECEMBER 2011	**789**	**63**	**44**	**128**	**92**	**1,116**

The carrying amount of goodwill is partly attributable to the wholesale operation and partly to Mekonomen's stores in Sweden, Norway and Denmark and the acquisition of Speedy. The increase during the year was primarily attributable to the acquisition of Sørensen og Balchen and the acquisition of Mekonomen BilLivet and Marinshopen. The amount is distributed as SEK 40 M attributable to the wholesale operation, SEK 227 M to Mekonomen stores in Sweden, Norway and Denmark, SEK 27 M to Speedy, SEK 458 M to Sørensen og Balchen, SEK 29 M to BilLivet and SEK 9 M to Marinshopen. The division of SEK 227 M according to countries is as follows: Sweden SEK 144 M, Norway SEK 60 M and Denmark SEK 22 M. The increase for the year pertaining to brands, franchise contracts and customer relations is entirely attributable to the acquisition of Sørensen og Balchen. The brands have indefinite useful periods, franchise contracts, customer relations and strategic IT investments are deemed to have useful periods of ten years.

TESTING IMPAIRMENT REQUIREMENT OF INTANGIBLE FIXED ASSETS

The assessment of the value of the Group's goodwill items was based on the value in use of the cash-generating units. Cash-generating units are identified individually or in groups depending on the situation and prerequisites, which are based on the lowest level on which management monitors goodwill for internal purposes. For larger acquisitions, for example, Sørensen og Balchen, an assessment is conducted at segment level. In the regions where operations work closely together, for example, with respect to customers, employees and other resource distribution, goodwill is monitored on a regional level. In other respects, goodwill is monitored for individual stores.

The value in use is based on the cash flow that the unit is expected to generate in the Group in the future. The future cash flow used in the calculation of each unit's value in use is based on the 2012 business plan for each unit. Thereafter, the cash flows are based on the unit's plan, which extends to 2015. Forecasts after 2015 are based on a growth of 2 per cent. Forecasts for Sørensen og Balchen after 2015 are based on an annual growth of 2.5 per cent. The present value of the forecasted cash flows is calculated by applying a discount rate of 10 per cent after tax. The conditions that apply for the various markets in which Mekonomen is active do not deviate significantly from each other, which is why the same rate is used for all units. With a discount factor of 10 per cent after tax, the value in use for all of the units will exceed the carrying amount. In this type of calculation, assessments and assumptions from company management are included. The future cash flows of several units are based on similar assumptions. Important assumptions, which when changed have a major impact on the cash flow, are assumptions on future price and volume developments. In the plans that are the basis for cash flows, company management assumes that the price trend will amount to only a few per cent annually. The volume trend is calculated to be between 2.0 and 5.0 per cent annually up to 2015, meaning a more cautious assumption than Mekonomen's target of 10 per cent growth. Price and volume developments vary a total of between 2 and 5 per cent. Assessments are conducted taking into account the trends in the most recent years. Company management estimates that, even taking into account reasonable deviations from assumed prerequisites, the recoverable value will not decrease to such an extent that it is less than the carrying amount.

NOTE 14 Deferred taxes

The table below states the Group's deferred tax assets and tax liabilities for each category. The deferred tax liabilities are reported after deduction of any tax assets if sub-items can be offset.

TAX ASSETS, LOSS CARRYFORWARDS	Opening balance, 1 Jan. 2010	Reported as income during 2010	Other changes in 2010	Closing balance 31 Dec. 2010
Deferred tax assets, Norway	5	–	–4	1
Estimated tax on reversed net asset goodwill	–1	–1	–	–2
Adjustment to prior years	–	–	4	4
Translation differences, currency	1	–	0	0
TOTAL TAX ASSETS, 31 DECEMBER 2010	**6**	**–1**	**0**	**3**

TAX ASSETS, LOSS CARRYFORWARDS	1 Jan. 2011	2011	2011*)	31 Dec. 2011
Deferred tax assets, Norway	1		–1	0
Estimated tax on reversed net asset goodwill	–2	0	2	0
Adjustment to prior years	4		–4	0
Translation differences, currency	0		0	0
TOTAL TAX ASSETS, 31 DECEMBER 2011	**3**	**0**	**–3**	**0**

TAX LIABILITIES	1 Jan. 2010	2010	2010	31 Dec. 2010
Untaxed reserves	55	–11	–	44
Estimated tax on reversed net asset goodwill	14	1	–	15
Deferred tax asset, deficit, Denmark	–1	1	–	0
Temporary tax benefits from inter-company profits	–25	–5	–	–30
Other	–17	9	–	–8
TOTAL TAX LIABILITIES, 31 DECEMBER 2010	**26**	**–5**	**0**	**21**

TAX LIABILITIES	1 Jan. 2011	2011	2011	31 Dec. 2011
Untaxed reserves	44	4	–	48
Surplus value in fixed assets (through acquisition)	0	–4	64	60
Estimated tax on reversed net asset goodwill	15	3	2	20
Deferred tax asset, deficit, Norway	0	1	–1	0
Temporary tax benefits from inter-company profits	–30	–9	–9	–48
Other	–8	–4	–16	–28
Translation differences, currency	0	0	1	1
TOTAL TAX LIABILITIES, 31 DECEMBER 2011	**21**	**–9**	**41**	**53**

*) Other changes in 2011 pertain to deferred tax through acquisitions, as well as reclassification of opening deferred tax assets where part-items can be offset.

Estimated tax on reversed net asset goodwill arises during the reversal of amortisation on net asset goodwill in the Group.

NOTE 15 Other long-term receivables

	Group	
	31 Dec. 2011	31 Dec. 2010
Rental deposits paid	7	6
Hire-purchase contract	59	30
Other receivables	1	0
TOTAL OTHER LONG-TERM RECEIVABLES	**67**	**36**

Impairment of long-term receivables amounted to SEK 0 M (0) during the year.

NOTE 16 Current receivables

	Group	
	31 Dec. 2011	31 Dec. 2010
Accounts receivables	411	287
Other receivables	26	18
Prepaid expenses and accrued income	199	141
TOTAL	**636**	**446**

	Accounts receivables	
ACCOUNTS RECEIVABLES, GROUP	**31 Dec. 2011**	31 Dec. 2010
Accounts receivables	437	308
Provisions for bad debts	–26	–21
TOTAL ACCOUNTS RECEIVABLES	**411**	**287**

	Provisions for bad debts	
	2011	2010
Provision for bad debts at the beginning of the year	–21	–22
Incurred through acquisition	–4	–
Net change in provision	–5	–2
Recovered prior impairment losses	4	3
TOTAL PROVISIONS FOR BAD DEBTS	**–26**	**–21**

RECEIVABLES THAT ARE DUE BUT NOT IMPAIRED	**31 Dec. 2011**	31 Dec. 2010
Accounts receivables		
Receivables due between 0–30 days	50	79
Receivables due between 31–60 days	12	7
Receivables due longer than 61 days	13	5
	75	**91**

Interest income on accounts receivables during the year was SEK 5 M (5).

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Prepaid rents	41	27	2	2
Prepaid leasing fees	0	0	–	–
Prepaid insurance	4	2	0	0
Accrued supplier bonus	92	80	84	73
Other interim receivables	62	32	20	18
TOTAL	**199**	**141**	**106**	**93**

NOTE 18 Cash and cash equivalents

	Group		Parent Company	
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Cash and bank balances	67	74	1	0
CASH AND CASH EQUIVALENTS	**67**	**74**	**1**	**0**

NOTE 19 Liabilities to credit institutions

	Group		Parent Company	
Long-term	**31 Dec. 2011**	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Liabilities to credit institutions, bank borrowing	448	0	445	0
Liabilities to leasing companies	1	1	–	–
TOTAL LONG-TERM LIABILITIES, INTEREST-BEARING	**449**	**1**	**445**	**0**

Current	**31 Dec. 2011**	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Liabilities to credit institutions, bank borrowing	61	0	60	0
Overdraft facility	135	83	0	0
Liabilities to leasing companies	2	2	–	–
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**198**	**85**	**60**	**0**
TOTAL BORROWING	**647**	**86**	**505**	**0**
Overdraft facility limit	**277**	**277**	**277**	**277**
of which, utilised portion	142	194	277	277

All interest rates are variable or have a maximum commitment period of three months. During the financial year, the interest level varied within the 3-4 per cent interval.

Due dates for total borrowing are as follows:

	Group		Parent Company	
Liabilities to credit institutions	**31 Dec. 2011**	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
1–12 months	198	85	60	–
1–2 years	63	1	60	–
2–3 years	386	0	385	–
TOTAL	**647**	**86**	**505**	**0**

In the above duration analysis, future interest payments were not included. The Group's long-term borrowing occurs mainly under credit frameworks with long-term lines of credits, but with short-term fixed-interest periods. The Group's interest payments pertaining to borrowing amounted to SEK 20 M (3) in 2011. Existing overdraft facilities are in SEK, NOK and DKK. Other loans are entirely In SEK.
Refer also to the sensitivity analysis pertaining to interest-rate risks in the sensitivity analysis section in the Administration Report.

NOTE 20 Provisions

	Group		Parent Company	
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Provision guarantees for divested properties	2	2	2	2
Provision for pensions	2	–	–	–
Provisions for supplementary purchase considerations	5	–	–	–
TOTAL	**9**	**2**	**2**	**2**

In conjunction with the divestment of the Group's properties in 2007, a guarantee provision totalling SEK 3 M was made in the Parent Company pertaining to consulting responsibility for property inspections performed. In 2009, this provision was reduced by SEK 1 M and amounted to SEK 2 M at 31 December 2011. Mekonomen's guarantee commitment totalled SEK 22 M and the remaining SEK 20 M is reported as a contingent liability in memorandum items.

NOTE 21 Current liabilities

	Group	
	31 Dec. 2011	31 Dec. 2010
Overdraft facility	135	83
Short-term portion of bank borrowing	61	–
Liabilities to leasing companies	2	2
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**198**	**85**
Accounts payable	438	374
Other liabilities	60	44
Accrued expenses and deferred income	209	182
TOTAL CURRENT LIABILITIES, NON-INTEREST-BEARING	**707**	**600**

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Accrued salaries	12	22	4	16
Accrued holiday pay	98	71	5	4
Accrued social security contributions	39	36	7	8
Accrued bonus/contract expense	28	20	–	–
Accrued interest expenses	1	–	1	–
Other interim liabilities	31	33	1	1
TOTAL	**209**	**182**	**18**	**29**

NOTE 23 Memorandum items

PLEDGED ASSETS	Group 31 Dec. 2011	Group 31 Dec. 2010	Parent Company 31 Dec. 2011	Parent Company 31 Dec. 2010
Chattel mortgages, subsidiaries	–	92	–	92
TOTAL	**–**	**92**	**–**	**92**
CONTINGENT LIABILITIES				
Guarantee commitment, Mekonomen AB	**20**	**20**	**20**	**20**

The guarantee commitment refers to a guarantee pertaining to consulting responsibility for inspections performed by an external consulting company in connection with the sale of the Group's properties in Denmark and Sweden. The guarantee extends for 10 years calculated from July 2007 when the properties were divested.

NOTE 24 Participations in Group companies

NAME OF COMPANY/REGISTERED OFFICE, SWEDEN	Corp. Reg. No.	Share of equity, %	No. of stores	Carrying amount, 31 Dec. 2011	Carrying amount, 31 Dec.2010
Mekonomen Grossist AB/Stockholm	556062-4875	100		40	40
Mekonomen Detaljist AB/Stockholm	556157-7288	100		5	5
Mekonomen Finans AB/Stockholm	556179-9676	100		1	1
Mekonomen Fleet AB/Stockholm	556720-6031	100		2	2
Speedy Autoservice AB/Malmö	556575-9858	100		31	31
Mekonomen Nya Affärer AB	556821-5981	100		0	–
Mekonomen Vilande Sex AB/Stockholm	556724-9254	100		0	0
NAME OF COMPANY/REGISTERED OFFICE					
Mekonomen Suomi Oy/Helsinki	2259452-4	100		0	0
NAME OF COMPANY/REGISTERED OFFICE, DENMARK					
Mekonomen Danmark A/S/Odense	30 07 81 28	100	37	177	177
NAME OF COMPANY/REGISTERED OFFICE, NORWAY					
Mekonomen Norge AS/Oslo	980 748 669	100		24	24
Sørensen og Balchen AS/Oslo	916 591 144	100		840	–
PARTICIPATIONS IN GROUP COMPANIES, TOTAL				**1,120**	**280**

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
FINLAND			
Mekonomen Viiki Oy	2359722-5	100	1
Mekonomen Kallio Oy	2359731-3	100	1
Ränkomäki Oy/Helsinki	2429678-2	100	1
Mekonomen Grossist Oy/Helsinki	2445185-0	100	–
			3

Cont'd. INDIRECT PARTICIPATIONS IN SUBSIDIARIES

Name of company/registered office	Corp. Reg. No.	Share of equity, %	No. of stores
SWEDEN			
Mekonomen Akalla AB/Stockholm	556729-1439	100	1
Mekonomen Alingsås AB/Alingsås	556596-3690	91	1
Mekonomen Anderstorp AB/Anderstorp	556775-9849	100	1
Mekonomen Arvika AB/Arvika	556528-3750	80	2
Mekonomen B2C AB/Stockholm	556767-7405	100	–
Mekonomen Backaplan AB/Gothenburg	556226-1338	91	1
Mekonomen Barkarby AB/Stockholm	556758-7679	100	1
Mekonomen Bilverkstad AB/Stockholm	556607-1493	100	–
Mekonomen Bollnäs AB/Bollnäs	556827-3675	91	1
Mekonomen Boländerna AB/Uppsala	556767-8916	100	1
Mekonomen Borås City AB/Borås	556078-9447	91	3
Mekonomen Bromma AB/Stockholm	556230-5101	100	1
Mekonomen BV Härlöv AB/Kristianstad	556758-7646	100	–
Mekonomen Enköping AB/Enköping	556264-2636	91	1
Mekonomen Eskilstuna AB/Eskilstuna	556613-5637	91	1
Mekonomen Falkenberg AB/Falkenberg	556213-1622	91	1
Mekonomen Falköping AB/Falköping	556272-1497	100	1
Mekonomen Falun AB/Falun	556559-3927	100	2
Mekonomen Farsta AB/Stockholm	556528-4766	100	1
Mekonomen FKV AB/Stockholm	556775-9831	75	–
Mekonomen Flen AB/Flen	556769-8542	75	2
Mekonomen Gislaved AB/Gislaved	556261-4676	100	1
Mekonomen Globen AB/Stockholm	556794-8905	100	1
Mekonomen Gränby AB/Uppsala	556821-6062	100	1
Mekonomen Gärdet AB/Stockholm	556821-6104	100	1
Mekonomen Gärdet Café AB/Stockholm	556840-9436	100	–
Mekonomen Gävle AB/Gävle	556353-6803	91	1
Mekonomen Göteborg Ringön AB/Gothenburg	556561-6751	100	1
Mekonomen Hedemora AB/Hedemora	556308-8011	100	1
Mekonomen Helsingborg AB/Helsingborg	556044-4159	75	1
Mekonomen Helsingborg Södra AB/Helsingborg	556613-6007	100	1
Mekonomen Hudiksvall AB/Hudiksvall	556428-1102	100	–
Mekonomen Häggvik AB/Stockholm	556840-9410	100	1
Mekonomen Härnösand AB/Härnösand	556217-2261	80	1
Mekonomen Hässleholm AB/Hässleholm	556678-0622	91	1
Mekonomen Infra City AB/Stockholm	556840-4437	60	1
Mekonomen Järfälla AB/Stockholm	556660-3196	100	1
Mekonomen Jönköping AB/Jönköping	556237-5500	100	2
Mekonomen Kalmar AB/Kalmar	556236-8349	91	1
Mekonomen Karlshamn AB/Karlshamn	556649-9090	100	1
Mekonomen Karlskoga AB/Karlskoga	556196-2605	100	1
Mekonomen Karlskrona AB/Karlskrona	556649-9082	91	1

Cont'd. INDIRECT PARTICIPATIONS IN SUBSIDIARIES

Name of company/registered office	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Karlstad AB/Karlstad	556786-9457	100	1
Mekonomen Katrinelund AB/Malmö	556530-7237	100	1
Mekonomen Kramfors AB/Kramfors	556496-1810	91	1
Mekonomen Kristianstad AB/Kristianstad	556171-9203	100	1
Mekonomen Landskrona AB/Landskrona	556646-4813	100	1
Mekonomen Lidköping AB/Lidköping	556761-3012	75	1
Mekonomen Linköping AB/Linköping	556202-9545	100	1
Mekonomen Ljungby Odlaren AB/Ljungby	556111-9719	100	1
Mekonomen Ljusdal AB/Ljusdal	556786-1066	51	2
Mekonomen Ludvika AB/Ludvika	556470-4210	91	1
Mekonomen Luleå AB/Luleå	556338-4071	100	1
Mekonomen Verkstadscenter Luleå AB/Luleå	556770-0033	100	–
Mekonomen Lund AB/Lund	556531-0108	91	1
Mekonomen Lycksele AB/Lycksele	556687-8095	75	1
Mekonomen Malmö Fosie AB/Malmö	556493-7018	91	1
Mekonomen Mariestad AB/Mariestad	556261-0179	75	1
Mekonomen Mjölby AB/Mjölby	556362-0565	75	1
Mekonomen Mora AB/Mora	556363-2487	80	1
Mekonomen Motala AB/Motala	556311-8750	91	1
Mekonomen Märsta AB/Sigtuna	556596-3674	91	1
Mekonomen Nacka AB/Nacka	556204-0294	100	1
Mekonomen Norrköping AB/Norrköping	556376-2797	75	2
Mekonomen Norrtull AB/Stockholm	556821-6088	100	1
Mekonomen Norrtälje AB/Stockholm	556178-9719	60	1
Mekonomen Nyköping AB/Nyköping	556244-0650	75	1
Mekonomen Nässjö AB/Nässjö	556187-8637	100	1
Mekonomen Osby AB/Osby	556408-8044	91	1
Mekonomen Oskarshamn AB/Oskarshamn	556631-8589	75	1
Mekonomen Partille AB/Gothenburg	556731-1401	91	1
Mekonomen Piteå AB/Piteå	556659-8966	75	1
Mekonomen Ronneby AB/Ronneby	556649-9017	91	1
Mekonomen Sandviken AB/Sandviken	556201-1295	91	1
Mekonomen Segeltorp AB/Huddinge	556580-2351	91	1
Mekonomen Sisjön AB/Gothenburg	556509-7861	100	1
Mekonomen Skellefteå AB/Skellefteå	556389-4095	91	1
Mekonomen Skåne Ystad AB/Ystad	556565-3085	100	1
Mekonomen Sollefteå AB/Sollefteå	556216-9424	80	1
Mekonomen Sollentuna AB/Sollentuna	556462-0416	100	–
Mekonomen Solna AB/Stockholm	556213-3073	100	1
Mekonomen Sundsvall Birsta AB/Sundsvall	556201-1675	100	1
Mekonomen Sundsvall Nacksta AB/Sundsvall	556777-4863	100	1
Mekonomen Söderhamn AB/Söderhamn	556509-4132	75	1
Mekonomen Södertälje AB/Södertälje	556405-5498	91	2
Mekonomen Sölvesborg AB/Sölvesborg	556216-4250	75	1

Cont'd. INDIRECT PARTICIPATIONS IN SUBSIDIARIES

Name of company/registered office	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Torslanda AB/Gothenburg	556583-3893	91	2
Mekonomen Tranås AB/Tranås	556770-0041	100	1
Mekonomen Trollhättan AB/Trollhättan	556515-0298	100	2
Mekonomen Täby AB/Täby	556632-9958	91	1
Mekonomen Uddevalla AB/Uddevalla	556550-5004	100	1
Mekonomen Umeå AB/Umeå	556483-3084	81.8	1
Mekonomen Upplands Väsby AB/ Upplands-Väsby	556777-4871	100	–
Mekonomen Uppsala AB/Uppsala	556092-4218	100	2
Mekonomen Varberg AB/Varberg	556261-0161	75	1
Mekonomen Vetlanda AB/Vetlanda	556653-4219	91	1
Mekonomen Vilande Tjugo AB/Stockholm	556840-9444	100	–
Mekonomen Vilande Tjugoett AB/Stockholm	556840-9410	100	–
Mekonomen Vilande Tjugotvå AB/Stockholm	556840-9428	100	–
Mekonomen Vimmerby AB/Vimmerby	556232-5877	91	1
Mekonomen Vårby AB/Huddinge	556594-1951	100	–
Mekonomen Vänersborg AB/Vänersborg	556770-0058	91	1
Mekonomen Värnamo Norra AB/Värnamo	556530-9266	75	1
Mekonomen Västberga AB/Stockholm	556192-0314	91	1
Mekonomen Västerås AB/Västerås	556344-5492	75	2
Mekonomen Växjö AB/Växjö	556192-0439	60	1
Mekonomen Åkersberga AB/Österåker	556632-9966	91	1
Mekonomen Älvsjö AB/Huddinge	556758-7661	100	1
Mekonomen Örebro AB/Örebro	556344-0717	91	2
Mekonomen Örnsköldsvik AB/Örnsköldsvik	556465-6287	91	1
Mekonomen Östersund AB/Östersund	556296-5243	100	2
Primexxa Strängnäs AB/Stockholm	556422-3872	100	1
Meko Fleet System AB/Stockholm	556791-8643	80	–
Marinshopen RM AB/Stockholm	556829-5066	100	1
Total Sweden			**115**
SWEDEN - BilLivet			
Mekonomen BilLivet AB/Stockholm	556845-2196	100	–
Mekonomen BilLivet Bromma AB/Stockholm	556864-3455	100	–
Mekonomen BilLivet Infra City AB/Stockholm	556864-3471	100	–
Mekonomen BilLivet Sisjön AB/Gothenburg	556863-9909	100	–
Mekonomen BV Hisingen AB/Gothenburg	556756-1146	100	–
Mekonomen BV Värtan AB/Stockholm	556821-6047	91	–
Mekonomen BilLivet Vilande 2 AB/Stockholm	556864-3448	100	–
Promotor i Åkersberga AB/Åkersberga	556241-8698	70	–
Total Sweden - BilLivet			**–**

Cont'd. INDIRECT PARTICIPATIONS IN SUBSIDIARIES

Name of company/registered office	Corp. Reg. No.	Share of equity, %	No. of stores
NORWAY			
Mekonomen Arendal AS/Arendal	982 434 696	100	1
Mekonomen Alta AS/Alta	945 481 668	51	1
Mekonomen Askim AS/Askim	974 209 772	100	1
Mekonomen Björkelangen AS/Björkelangen	989 903 551	100	1
Mekonomen Bodö AS/Bodö	986 489 576	100	1
Mekonomen Drammen AS/Drammen	924 843 543	100	1
Mekonomen Elverum AS/Elverum	993 562 629	100	1
Mekonomen Fredrikstad AS/Fredrikstad	881 509 032	100	1
Mekonomen Grenland AS/Porsgrund	984 690 703	100	1
Mekonomen Hadeland AS/Hadeland	996 446 956	100	1
Mekonomen Hamar AS/Hamar	984 006 047	100	1
Mekonomen Harstad AS/Harstad	982 952 379	100	1
Mekonomen Haugesund AS/Haugesund	983 509 622	100	1
Mekonomen Horten AS/Horten	990 815 798	100	1
Mekonomen Jessheim AS/Jessheim	987 696 109	100	1
Mekonomen Kongsberg AS/Kongsberg	937 161 786	75	1
Mekonomen Kongsvinger AS/Kongsvinger	992 102 217	100	1
Mekonomen Lillestrøm AS/Lillestrøm	993 561 428	100	1
Mekonomen Molde AS/Molde	985 793 417	100	1
Mekonomen Moss AS/Moss	939 161 260	100	1
Mekonomen Oslo AS/Oslo	938 215 103	100	2
Mekonomen Sandefjord AS/Sandefjord	990 815 844	100	1
Mekonomen Sandnes AS/Sandnes	992 302 577	100	1
Mekonomen Sandvika AS/Sandvika	982 707 862	100	1
Mekonomen Sarpsborg AS/Sarpsborg	910 155 520	100	2
Mekonomen Ski AS/Ski	983 098 525	100	1
Mekonomen Stavanger AS/Stavanger	983 935 214	100	1
Mekonomen Steinkjer AS/Steinkjer	984 318 677	100	1
Mekonomen Sörlandsparken AS/Kristiansand	981 508 939	100	1
Mekonomen Tromsö AS/Tromsö	942 591 322	100	1
Mekonomen Trondheim AS/Trondheim	979 462 026	100	3
Mekonomen Tönsberg AS/Tönsberg	934 256 867	75	1
Fleet Norge AS/Oslo	895 917 052	100	–
Total Norway			**36**

Cont'd. INDIRECT PARTICIPATIONS IN SUBSIDIARIES

Name of company/registered office	Corp. Reg. No.	Share of equity, %	No. of stores
NORWAY - Sørensen og Balchen			
Rønneberg Autoindustri AS	981 015 150	100	6
Bilvarehusene Nor AS	880 553 852	100	9
BilXtra AS	983 032 133	100	6
BilXtra Kristiansand AS	979 438 761	100	1
Bilutstyr Arendal AS	961 171 067	100	1
Østfold Bilutstyr AS	987 586 788	100	1
Telemark Bilutstyr AS	986 980 415	100	1
Rogaland Rekvisita AS	936 043 119	100	2
Jahre Motor Hamar	935 614 031	100	1
Askim Bilrekvisita AS	885 049 702	100	1
Steglet Bilutstyr AS	988 210 196	100	1
Jøntvedt Bilutstyr AS	887 813 752	100	1
Oppland Bilutstyr AS	987 600 659	100	1
Høistad Bildeler AS	981 015 142	100	1
Vest Bilutstyr AS	980 281 450	100	1
Autoproducts AS	995 080 125	50	1
Total Norway - Sørensen og Balchen			**35**
DENMARK			
Mekonomen Brønderslev ApS/Odense	34 05 53 86	51.25	1
Mekonomen Kolding A/S/Odense	33 49 47 85	70	1
Mekonomen Retail ApS/Odense	33 24 49 67	100	–
Mekonomen Valby ApS/Odense	33 37 78 86	100	1
Mekonomen OE dele ApS/Padborg	32 88 08 43	51.25	–
BilXtra A/S/Odense	33 49 46 45	100	–
Mekonomen Grossist Danmark A/S/Odense	33 38 01 27	100	–
Fleet Danmark A/S/Odense	33 25 63 96	100	–
Total Denmark			**3**
TOTAL NUMBER OF STORES			**229**

NOTE 25 Shareholders' equity

SHARE CAPITAL
The share capital amounted to SEK 82 M and consists of 32,814,605 shares at a quotient value of SEK 2.50 per share.

OTHER CAPITAL CONTRIBUTIONS
Other capital contributions include contributions the company received from shareholders and which are not recognised as share capital.

STATUTORY RESERVE
The purpose of the statutory reserve is to allocate profits to cover any future losses.

PROFIT BROUGHT FORWARD
Comprises prior years' profits brought forward after any provisions to statutory reserves and after dividends. Profit for the year is included in this amount. The Parent Company's Profit brought forward represents the basis for the resolution of the Annual General Meeting for dividends for the year.

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS
The Board of Directors proposes a dividend of SEK 8.00 per share, which gives a total dividend of SEK 262,516,840.

TRANSLATION DIFFERENCES, FOREIGN SUBSIDIARIES	2011	2010
Accumulated translation differences in Norway	35	18
Accumulated translation differences in Denmark	–35	–34
	0	**–16**

NOTE 26 Capital

Mekonomen manages its capital to ensure that the units in the Group can continue to operate, while dividends to shareholders are maximised through a good balance between liabilities and shareholders' equity. The Group's capital comprises shareholders' equity, as well as short and long-term borrowing. The proportions of shareholders' equity and changes during the year are described in the Group's changes in shareholders' equity on page 44 and Note 25, Shareholders' equity. At least once per year, the Board of Directors reviews the capital structure and takes this into account when making decisions on, for example, dividends or raising new loans.

NOTE 27 Adjustments for items not affecting liquidity

	Group		Parent Company	
	2011	2010	**2011**	2010
Depreciation/amortisation	83	50	13	10
Group contribution received	–	–	–228	–285
Exchange-rate differences	0	1	–	–
Dividend not paid from subsidiaries	–	–	–	–26
Capital gain/loss from divestment of fixed assets	–5	–1	–	–1
Other items not affecting liquidity	0	–1	–	–1
	78	**49**	**–215**	**–303**

NOTE 28 Acquisitions and divestment of subsidiaries

ACQUISITIONS DURING 2011	Sørensen og Balchen	Other acquisitions	Total acquisitions
VALUE OF ACQUIRED ASSETS AND LIABILITIES			
Tangible fixed assets	19	13	32
Intangible fixed assets	4	1	5
Financial fixed assets	31	–	31
Deferred tax assets	21	–	21
Inventories	158	36	194
Current receivables	72	3	75
Cash and cash equivalents	13	1	14
Long-term liabilities	–5	–	–5
Current liabilities	–94	–28	–122
ACQUIRED NET ASSETS	**219**	**26**	**245**
Brands	56	–	56
Franchise contracts	47	–	47
Customer relations	136	–	136
Goodwill	442	54	496
Deferred tax liabilities	–64	–	–64
Other long-term liabilities	–10	–	–10
Acquired non-controlling interest, surplus value recognised against shareholders' equity	–	11	11
TOTAL IDENTIFIABLE NET ASSETS	**826**	**91**	**917**
Total purchase price	826	91	917
- of which cash portion of purchase consideration	311	86	397
Cash and cash equivalents in the acquired companies	13	1	14
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**298**	**85**	**383**

ACQUIRED SUBSIDIARIES/OPERATIONS 2011	Country	Acquisition date	Shareholding and share of voting rights	Object
Mekonomen partner store Bollnäs	Sweden	January	100	Assets and liabilities
Marinshopen RM AB	Sweden	February	100	Assets and liabilities
Mekonomen partner store, Hadeland	Norway	February	100	Assets and liabilities
Mekonomen Kolding A/S	Denmark	February	70	Assets and liabilities
Sørensen og Balchen AS/Oslo	Norway	March	100	Company
BilLivet AB	Sweden	April	100	Assets and liabilities
Acquired store, Ski	Norway	April	100	Assets and liabilities
Acquired store, Gislaved	Sweden	May	100	Assets and liabilities
Acquired store, Hadeland	Norway	September	100	Assets and liabilities
Acquired workshop, Bromma	Sweden	November	100	Assets and liabilities
Acquired workshop, Åkersberga	Sweden	November	100	Assets and liabilities
Acquired workshop, Sisjön	Sweden	December	100	Company
Mekonomen partner store, Häggvik	Sweden	December	100	Assets and liabilities
Mekonomen Brønderslev ApS	Denmark	December	51.25	Assets and liabilities

ACQUISITIONS DURING 2010	Total acquisitions
VALUE OF ACQUIRED ASSETS AND LIABILITIES	
Tangible fixed assets	8
Inventories	26
Current receivables	7
Cash and cash equivalents	8
Long-term liabilities	–6
Current liabilities	–20
ACQUIRED NET ASSETS	**23**
Brands	5
Goodwill	48
Acquired non-controlling interest, surplus value recognised against shareholders' equity	10
TOTAL IDENTIFIABLE NET ASSETS	87
Total purchase price	87
Cash and cash equivalents in the acquired companies	8
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**79**

ACQUIRED SUBSIDIARIES/OPERATIONS 2010	Country	Acquisition date	Shareholding and share of voting rights	Object
Speedy Autoservice AB	Sweden	October	100	Company
FG Scandinavia	Sweden	April	100	Assets and liabilities
Mekonomen partner store, Globen	Sweden	June	100	Assets and liabilities
Mekonomen partner store, Akalla	Sweden	June	100	Assets and liabilities
Mekonomen partner store, Täby	Sweden	June	100	Assets and liabilities
Mekonomen partner store, Sisjön	Sweden	June	100	Assets and liabilities
Mekonomen partner store, Södertälje	Sweden	June	100	Assets and liabilities
Autodelar Syd	Denmark	April	51	Company
Motor Norge AS	Norway	February	51	Company
Høy&Rodum AS	Norway	June	100	Company
Mekonomen partner store, Karlstad	Sweden	April	100	Assets and liabilities
AD-stores, Ljusdal, Hudiksvall	Sweden	July	51	Assets and liabilities

The amount for 2010 and 2011 includes acquisition of companies and operations, as well as the acquisition of non-controlling interest in Swedish store companies. During the year, the acquired companies impacted net sales by SEK 730 M (87), and operating profit by SEK 78 M (3), excluding acquisition costs of SEK 15 M.

Had the acquisition of Sørensen og Balchen been implemented on 1 January 2011, the impact on the Group's net sales would have been SEK 726 M and SEK 90 M on the operating profit. Other acquired units have been deemed to not have any significant difference to the Group's net sales and operating profit if they had been consolidated from 1 January 2011.

Payment for the shares in Sørensen og Balchen will comprise 1,945,783 new share issues through a non-cash issue, and NOK 273 M in cash. The final purchase consideration totalled SEK 826 M.

In addition to Sørensen og Balchen, as reported separately, information on company acquisitions is submitted in aggregated form, since not every individual acquisition is deemed large enough to warrant separate reporting. In addition to goodwill, which amounted to SEK 496 M (48), intangible surplus values were identified pertaining to brands SEK 56 M (5), franchise contracts SEK 47 M (0) and customer relations SEK 136 M (0). In addition, an adjustment to the fair value of long-term liabilities was implemented totalling SEK –10 M (0). The deferred tax liability attributable to the net of these surplus values amounted to SEK 64 M (1). In addition to this, surplus values pertaining to acquired non-controlling interest totalling SEK 11 M (10) were recognised directly in shareholders' equity. The brand has an indefinite useful life; franchise contracts and customer relations are estimated to have a useful life of ten years. Goodwill is primarily attributable to future synergies.

Acquisition-related costs of SEK 15 M are included in the administrative costs in the consolidated income statement for the 2011 financial year.

In Sweden, 8 (2) store managers signed on as partners in individual store companies. Their shareholding amounts to 9 per cent per store company. The total purchase consideration for these shareholdings amounted to SEK 7 M (0.4).

NOTE 29 Transactions with related parties

During the year, Mekonomen AB sold products and services to Group companies totalling SEK 108 M (98). Receivables from Group companies amounted to SEK 702 M (574) on balance-sheet date and liabilities to Group companies amounted to SEK 28 M (3).

For information on remuneration to senior executives, refer to Note 5.

NOTE 30 Approval of the Annual Report

The annual accounts and consolidated accounts were approved for issue by the Board of Directors on 17 April 2012. The consolidated income statement, the statement of comprehensive income and balance sheet and the Parent Company's income statement, statement of comprehensive income and balance sheet will be subject to approval by the Annual General Meeting on 23 May 2012.

NOTE 31 Financial risks

Mekonomen AB is exposed to risks in terms of currency, credit, interest rates and liquidity through its operations. The management of these risks is regulated in accordance with the finance policy adopted by the Board of Directors.

Currency risks

Exchange-rate risks occur when exchange-rate fluctuations have a negative impact on the Group's profit and shareholders' equity. Currency exposure arises in connection with cash flows in foreign currencies (transaction exposure) as well as in translation of loans/receivables in foreign currencies and in the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). During 2011, exchange-rate fluctuations had a positive impact on the Group's income before tax totalling SEK 2 M (neg: 2). The most important currency in terms of transaction exposure is EUR, which represents slightly less than 40 per cent of imports as well as NOK and DKK pertaining to internal sales from the Grossist company to Norway and Denmark. Due to the acquisition of Sørensen og Balchen, currency exposure in NOK rose during 2011. NOK and DKK are the most important currencies in terms of translation exposure. For more detailed information on currency exposure, refer also to the sensitivity analysis section in the Administration Report. The finance policy permits hedging of the net currency flows using external financial contracts. Since negative exchange-rate fluctuations are expected to be offset in customer pricing within one to three months, the hedging horizon shall not exceed three months. With regard to financial assets and liabilities, the policy states that internal loans and investments in foreign currencies shall be matched by external loans and investments in the same currency. If for some reason matching is not achieved, hedging shall be implemented using foreign-exchange forward contracts. With regard to foreign shareholders' equity, the principal rule is that Mekonomen shall not hedge this exposure. However, if major foreign investments are made that require separate financing, the decision can be made to recognise all or part of the financing in the acquisition currency.

Credit risk

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Credit risks or counterparty risks refer to the risk of loss if the counterparty does not fulfil its commitments. Mekonomen's credit risks primarily comprise accounts payable, which are distributed over a large number of counterparties and a small portion of long-term instalment contracts. For each new customer, or in the event an existing customer wants to increase the credit limit, a credit rating is conducted according to the Group's established policies. The credit rating is conducted with the assistance of external players. The maximum credit risk corresponds to the carrying amount of financial assets. Specifications pertaining to impairment of accounts payable for the year are found in Note 16.

Interest-rate risks

Interest-rate risks refer to the risk that changes in market interest rates will have a negative impact on the Group's net interest income/expense. The speed at which interest rate changes affect the net interest income/expense depends on the period of fixed interest for the loan. During the 2011 financial year, interest-bearing liabilities rose compared with the low levels in prior financial years. This increase was primarily attributable to the acquisition of Sørensen og Balchen. According to the financial policy, Mekonomen shall maintain an average fixed-interest term of a maximum of three months. Within this time frame, it is estimated that increased financial expenses, as an effect of changed interest rates, could be offset through changes in retail prices. In order to manage possible interest-rate risks, relevant instruments in the market can be used.

Financing and liquidity risks

Financing risk is seen as the risk of the cost being higher and financing opportunities limited when loans are renewed and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing financing. According to the financial policy, refinancing risks shall be managed by signing long-term and flexible credit agreements. At the end of 2010, the Group had no utilised long-term credit facilities. In connection with the acquisition of Sørensen og Balchen, the Group raised a loan totalling SEK 600 M, extending over a three year period. The Group's cash and cash equivalents are invested short term and any excess liquidity shall primarily be used for amortising loans. Investments may be made in SEK, NOK and DKK with the objective of matching future loans that mature, or large disbursements. In cases where the company is not aware of any large disbursements, the maturity period for investments shall not exceed one month. Investments may occur at or in securities issued by the Swedish Government or Swedish and foreign banks with not less than an A rating, according to the definition of Standard & Poor's (S&P).

Fair value

No financial assets or liabilities were recognised at a value that significantly deviated from fair value.

The Board of Directors and President hereby certify that the annual report was prepared in accordance with the Annual Accounts Act and RFR 2 and provides a true and fair view of the company's financial position and results and that the Administration Report provides a true and fair view of the development of the Group's operations, position and results and describes significant risks and uncertainties facing the company.

The Board of Directors and President hereby certify that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the EU, and provide a true and fair view of the Group's financial position and results and that the Administration Report for the Group gives a true and fair view of the development of the Group's operations, position and results and describes significant risks and uncertainties facing the companies included in the Group.

Stockholm
17 april 2012

Fredrik Persson
Chairman of the Board

Marcus Storch
Vice Chairman of the Board

Antonia Ax:son Johnson
Board member

Kenny Bräck
Board member

Anders G Carlberg
Board member

Wolff Huber
Board member

Helena Skåntorp
Board member

Håkan Lundstedt
President and CEO

Our Auditors' Report was submitted on 17 April 2012
Deloitte AB

Thomas Strömberg
Authorised Public Accountant

AUDITORS' REPORT

To the annual meeting of the shareholders of Mekonomen AB
Corporate identity number 556392-1971

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Mekonomen AB for the financial year 2011-01-01 – 2011-12-31, with the exception of the Corporate Governance Report on pages 26–30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20–25 and 36–76.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. Our opinion does not include the Corporate Governance Report on pages 26–30.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Mekonomen AB for the financial year 2011-01-01 –2011-12-31. We have also performed a statutory review of the Corporate Governance Report.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and and for ensuring that the Corporate Governance Report on pages 26–30 has been prepared in accordance with the Annual Accounts Act.

Auditors' responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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

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

Opinions

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

A Corporate Governance Report has been prepared and its statutory information is compliant with the provisions of the Companies Act and the other features of the annual accounts and consolidated accounts.

Stockholm, 17 april 2012
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

INFORMATION TO SHAREHOLDERS

Annual General Meeting
The Annual General Meeting will be held on 23 May 2012 at 4:00 p.m. at Kungsträdgården in Stockholm.

Who is entitled to participate in the Annual General Meeting?
Shareholders registered in the shareholders' register on the record day and who have informed Mekonomen of their intention to attend in advance are entitled to participate in the Annual General Meeting.

How do you register as owner?
Shareholders' must be registered in the shareholders' register maintained by Euroclear Sweden AB not later than Wednesday 16 May. Shareholders whose shares are registered in the name of a nominee must have temporarily registered their shares in their own name with Euroclear, to be able to participate at the Annual General Meeting.

This means that shareholders wishing such reregistration must inform the nominee in adequate time before 16 May 2012.

How do you register?
Shareholders wishing to participate at the Annual General Meeting should register not later than 5:00 p.m. on Friday 18 May at:

Mekonomen's Annual General Meeting
Box 7842
SE-103 98 Stockholm
Tel: +46 (0)8-402 90 47, or
Mekonomen' website: www.mekonomen.se.

Dividends
The Board of Directors proposes a dividend of SEK 8.00 (8.00) per share. As record date for the dividend, the Board proposes 28 May 2012. If the Annual General Meeting adopts the proposal, the dividend is expected to be paid on 31 May 2012.

Reporting dates for 2012

Interim report January–March	11 May
Interim report April–June	30 August
Interim report July–September	8 November
Year-end report for the entire financial year 2012:	14 February 2013

DEFINITIONS

Average number of employees
Average full-year employees during the year.

Average number of shares
The average of the number of shares adjusted for splits, bonus issues and full dilution of the convertible loans, taking into account the date on which the changes occurred during the year.

Capital employed
Total assets reduced by non-interest-bearing provisions and liabilities, including deferred tax liability.

Cash flow per share
Cash flow from operating activities adjusted for interest on convertibles, in relation to the average number of shares.

Dividend proportion
Dividend per share in relation to earnings per share attributable to the Parent Company's shareholders.

Earnings per share
Profit after tax in relation to the average number of shares.

EBIT margin
EBIT as a percentage of total revenues.

Equity/assets ratio
Shareholders' equity including non-controlling interest as a percentage of total assets.

Gross margin
Gross profit, meaning net sales less expenses for goods for resale, as a percentage of net sales.

Interest-coverage ratio
Profit after net financial items plus interest expenses divided by interest expenses.

Net debt/equity ratio
Net Indebtedness divided by shareholders' equity including non-controlling interest.

Net indebtedness
Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Return on capital employed
Profit after net financial items plus interest expenses as a percentage of average capital employed.

Return on equity, %
Profit for the year as a percentage of average shareholders' equity, excluding non-controlling interest.

Return on operating capital, %
EBIT as a percentage of average operating capital.

Return on total capital, %
Profit for the year as a percentage of the average total assets.

Operating capital
Capital employed reduced by cash and cash equivalents and short-term investments.

Organic growth
Net sales increase adjusted for acquired stores, currency effect and the number of workdays.

Sales growth
Increase in total revenues as a percentage of the preceding year's total revenues.

Sales per employee
Sales in relation to the average number of employees.

Shareholders' equity per share
Shareholders' equity excluding non-controlling interest, adjusted for convertible debentures, in relation to the number of shares at the end of the year.

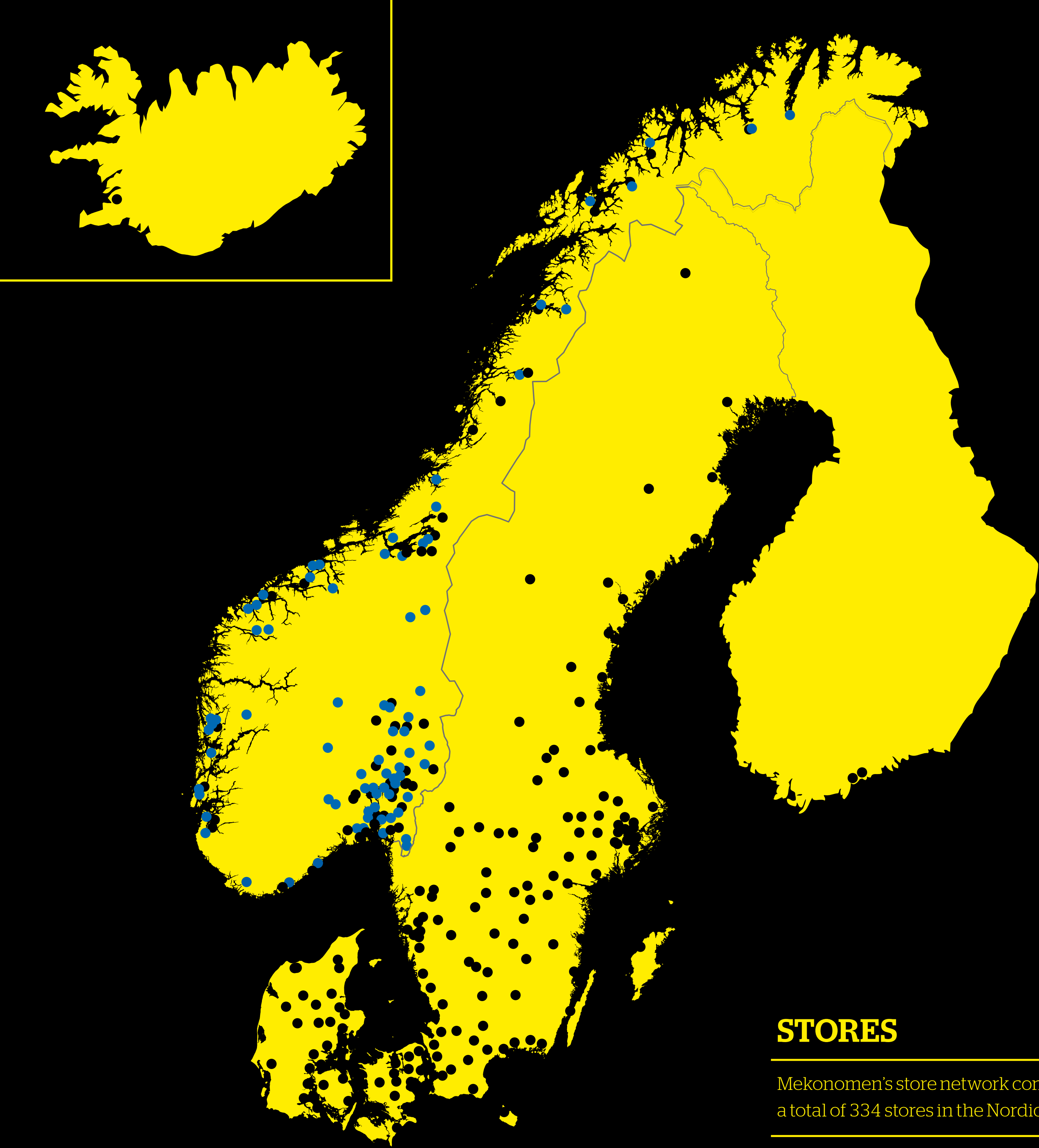
Underlying net sales
Sales adjusted for the number of comparable working days and currency effects.

Profit margin
Profit after net financial items as a percentage of the total revenues.

Blue dots pertain to BilXtra workshops
Yellow dots pertain to Mekonomen workshops

WORKSHOPS

Mekonomen has a total of 1,686 affiliated workshops in the Nordic region.



STORES

Mekonomen's store network comprises a total of 334 stores in the Nordic region.

Blue dots pertain to BilXtra stores
Black dots pertain to Mekonomen stores

Sweden

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We don't serve cars – we serve people