Mekonomen

Annual Report 2012

Mekonomen has gathered the leading automotive spare-parts chains in the Nordic region, with proprietary stores, affiliated workshops and wholesale operations within MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen.

We offer a broad and accessible range of affordable and innovative solutions and products for consumers and companies.

In total, there are more than 400 stores within Mekonomen and more than 2,300 affiliated workshops throughout the entire Nordic region. Together, Mekonomen has approximately 15,000 co-workers.

MECA   Mekonomen   A/S SØRENSEN OG BALCHEN

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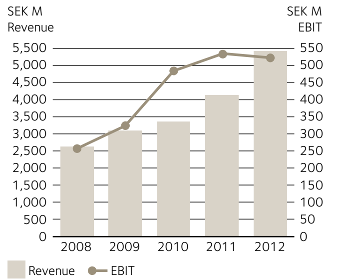
Mekonomen’s formal Annual Report comprises pages 20-62. Only the formal annual report has been reviewed by the company’s auditors. A more detailed description of Mekonomen’s operations and further, regularly updated financial information is presented on Mekonomen’s website, www.mekonomen.com

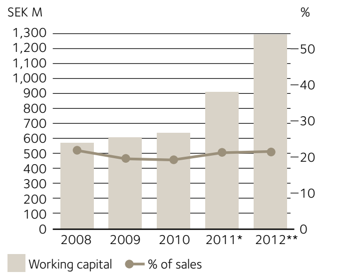
The year in brief

- Revenue rose to SEK 5,426 M (4,237).
- EBIT amounted to SEK 528 M (536).
- EBIT margin amounted to 10 per cent (13).
- EBITA rose to SEK 602 M (560).
- Profit after financial items amounted to SEK 474 M (523).
- Cash flow from operating activities amounted to SEK 518 M (259).
- Return on capital employed amounted to 15 per cent (29).
- Earnings per share amounted to SEK 10.80 (11.39).
- Net debt amounted to SEK 1,875 M (580) at the end of the year.
- The Board of Directors proposes a dividend of SEK 7 (8) per share.
- MECA Scandinavia was acquired in May 2012 which contributed an additional 90 stores and nearly 500 MECA Car Service workshops.
- The Mekonomen Group comprises three Group companies: MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen.
- Strong focus on the integration of MECA and Sørensen og Balchen during the year, which was successful.
- In October, Mekonomen A/S in Denmark was incorporated into the MECA Group.
- 2012 – a year of consolidation, with clear focus on improving and developing existing concepts.

Revenue and EBIT



Working capital



*) Net sales for Sørensen og Balchen 2011 have been recalculated for 12 months.
**) Net sales for MECA 2012 have been recalculated for 12 months.

Key figures	2012	2011	2010
Revenue, SEK M	5,426	4,237	3,447
EBIT, SEK M	528	536	485
EBIT margin, %	10	13	14
Profit for the year, SEK M	382	380	351
Earnings per share, SEK	10.80	11.39	10.95
Cash flow* per share	14.93	7.98	11.60
Dividend**, SEK	7.00	8.00	8.00
Return on shareholders' equity, %	19	27	37
Equity/assets ratio, %	41	51	55

*) From continuing operations.
**) Board's proposal to the 2013 Annual General Meeting.

Mekonomen in brief

Mekonomen is the leading automotive spare-parts chain in the Nordic region and comprises the three Group companies: MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen.

We offer a broad and accessible range of affordable and innovative solutions and products for consumers and companies.

At the end of the year, Mekonomen had more than 400 stores and more than 2,300 affiliated workshops operating under our brands.

Business concept

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

Vision

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

Goals

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 industry, with reduced environmental and climate impact and increased traffic safety.

Customers demand products that take the environment into consideration and offering environmentally adapted car service and care gives Mekonomen 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 in which everyone's potential is utilised.

Strategies

Mekonomen, with Group companies, 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 promoting an easier CarLife.

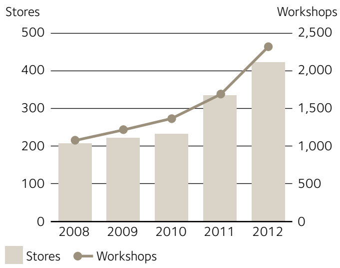
Mekonomen's brands

Work to develop and preserve the brands is central to Mekonomen's strategic effort. All types of concept development and communication are based on strengthening the direction of all the brands to higher recognition and perception with respect to good value, turnkey solutions, innovation, competency and high quality for consumers and companies.

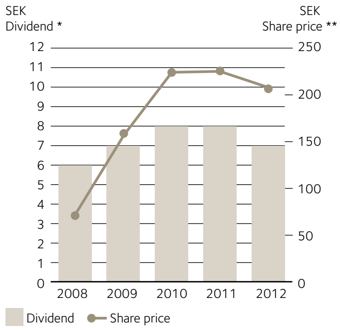
Motivated employees

There are more than 2,500 employees within Mekonomen, and including all workshop chains, the number is approximately 15,000. The operation is based on common values that are summarised into five principles: customer orientation, business-like, responsibility, competency and flexibility. The employees are Mekonomen's primary ambassadors and brand bearers.

Mekonomen expands



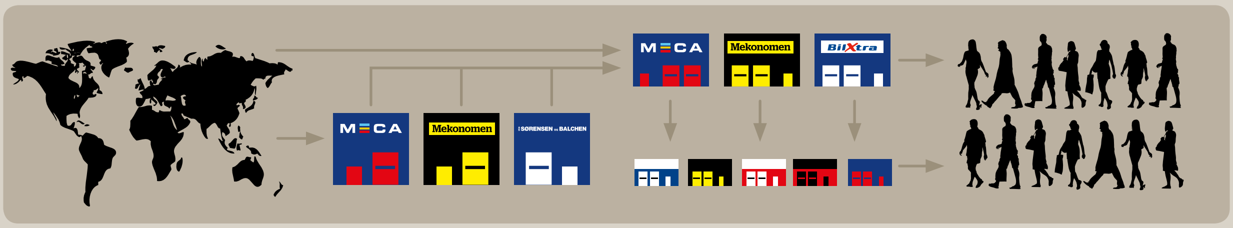
Mekonomen creates value



* Board of Directors' proposal for 2012.
** At the end of the financial year.

Mekonomen's business model

Retailers
There are a total of 421 stores within the Group, of which 71 per cent are proprietary and 29 per cent are partner stores.



Producers
Approximately 160 suppliers account for 80 per cent of the supply of goods.

Wholesalers
The three Group companies are responsible for their individual wholesale operations.
MECA Scandinavia has a centralised warehouse in Eskilstuna, Sweden.
Mekonomen Norden's centralised warehouse is located in Strängnäs, Sweden.
Sørensen og Balchen's centralised warehouse is located in Oslo, Norway.

Workshops
Five workshop chains are concept-affiliated: MECA CAR Service · Mekonomen Service Centres · MekoPartner · Speedy · BilXtra

At the end of 2012, Mekonomen had slightly more than 2,300 affiliated workshops and also delivered products to approximately 15,000 independent workshops in the Nordic region.

Mekonomen Bilverkstad · BILVERKSTAD MekoPartner · MECA · speedy bilservice · BilXtra

CEO's comments

Despite tougher competition, Mekonomen was able to expand and capture market shares in 2012

During a weak 2012, we succeeded in increasing our market shares in all markets. Mekonomen also strengthened its position through the acquisition of MECA Scandinavia, which contributed an additional 90 stores and nearly 500 workshops. The integration effort with MECA commenced immediately and has been successful. Integration will remain in focus in 2013 and with concept development and competency-enhancing activities throughout the Group; we are ready to face the future.

The weak macroeconomic trend in the Nordic region during the year had an impact on general consumption. Purchasing propensity declined in essentially all customer groups and car consumers were no exception. While our market displayed an average negative growth of approximately 4 per cent, Mekonomen was able to increase its market shares thanks to the continued development of our strong concepts and effective marketing. The declining demand was offset by cost control in the operations and the utilisation of synergies with respect to purchasing and logistics. Consumers' high awareness of Mekonomen's quality and affordability naturally contributed to a stronger position in the market.

A rapid summary of 2012 in figures shows a 28-per cent increase in revenue to SEK 5,426 M (4,237). EBIT fell 1 per cent to SEK 528 M (536) and the EBIT margin amounted to 10 per cent (13).

Acquisition of MECA and new organisational structure

The acquisition of MECA was finalised in May, with operations in the Swedish and Norwegian markets. The acquisition of MECA contributed 90 stores, nearly 500 affiliated workshops and annual sales of approximately SEK 1,500 M to the Group. The integration work commenced immediately and has been positive.

As a result of the acquisition, there was a change in the organisation to ensure future growth. The Group structure now comprises a holding company and three Group companies. The Group management operates through the holding company Mekonomen AB and the business activities are performed in the Group companies: MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen. There is full competition between the Group companies in the form of separate business concepts and approaches to the individual markets. To optimise the operation in Denmark, Mekonomen Denmark was incorporated into MECA. One advantage is that MECA's business model is better suited to the price-sensitive Danish market, with a strong focus on Business to Business.

Apart from the acquisition of MECA, there has been organic growth within the Group's concept. Sørensen og Balchen reported its best sales year ever; the integration with MECA was better than anticipated and sales in Mekonomen Norden's fleet operation was at a record high. An important event during the year was the ruling of the Swedish Market Court in the case between the Association of Swedish Wholesalers of Automotive Parts and Accessories and KIA Motors. The demand from KIA Motors that service must be performed by authorised KIA workshops for the new-car guarantee to apply was rejected since it is in contravention of EU's competition regulations. The verdict was a major victory for Swedish car consumers.

Sustainable development

For several years, Mekonomen has focused actively on environmental and quality activities throughout the Group, with broad investments in environmental certifications and training. In 2012, all wholly owned MECA units were certified according to ISO 14001 (environment), and all Mekonomen Norden's stores in Sweden and more than 70 workshops underwent training in all three certification areas: ISO 14001 (environment), OHSAS 18001 (work environment) and ISO 9001 (quality). Mekonomen wants to assume responsibility for sustainable development by offering environmentally adapted products and services. Mekonomen wants to generate awareness in customers, while securing competitive advantages now and in the future by remaining one step ahead.

Future

Competition in the Nordic market will remain tough. The brand-dependent players, backed by major car manufacturers, are investing more resources in the marketing of their products and services, with the lock-in effects as their biggest means of competition. At the same time, new players are establishing themselves in the Nordic market.

We will face the future by further developing our strong concepts and allowing them to continue competing independently in the market. We will attract new customers by staying one step ahead and by broadening our range of products and services. In 2013, the new business areas of car-glass, sales of vehicle insurance and home insurance, and Internet sales will be launched. We will invest extensively in Internet solutions with the aim of strengthening our Internet sales.

I am convinced that future successes for Mekonomen are based on the continued development of expertise on all levels. Accordingly, investments in leadership development, extensive training courses for continued competency enhancement throughout the Group, as well as continuous focus on involving all employees are key, not only for consolidating but also providing further impetus to our competitiveness.

The eagerness to make CarLife easier permeates the entire Mekonomen Group and I would like to thank all employees for their excellent input in 2012. The driving force among our employees to go the extra mile to surpass customers' expectations is key to our success.

Our journey continues!

Håkan Lundstedt
President and CEO

MECA Scandinavia

The clear business concept is the basis for profitable growth

In May 2012, MECA Scandinavia was acquired. Since October 2012, the Group's Danish operation has been included in MECA. MECA has a clear focus to sell spare parts and workshop equipment on a Business-to-Business basis to automotive workshops in Sweden, Norway and Denmark. MECA has developed the MECA Car Service concept, where the affiliated workshops have access to a strong, distinct and shared profile in the market. Through a nationwide chain of sales and distribution centres, MECA rapidly and efficiently supplies the automotive workshops with a broad range of spare parts, accessories, tools, tyres and diagnosis instruments and workshop equipment, etc.

Since 2009, MECA has been in a profitable growth phase, where the business concept is to provide professional automotive workshops and partners with the appropriate product range, with market-leading service and expertise through efficient distribution. In addition to high-quality products, the workshop concept also includes IT support, technical support and technical data from car manufacturers, training, profiling, marketing and financial solutions.

In October, the Group's Danish operation was incorporated into the MECA Group. Work was immediately initiated to further develop

Senior executives at MECA Scandinavia

Torhild L Barlaup
Managing Director, MECA Norway

Håkan Bergström
Managing Director, MECA Car Parts

Robert Hård
Director of HR, Legal and the environment

Patrik Nilsson
CFO, MECA

the workshop concept and to streamline the B-2-B model in the Danish market.

In becoming part of the Mekonomen Group, MECA gained improved opportunities to continue the development of its MECA concept.

A financially strong owner, with successful concepts, created an excellent basis for future growth. At the same time, there are significant synergy gains on which to capitalise, particularly with respect to purchasing.

At the end of 2012, there were 546 workshops affiliated to MECA Car Service, of which 334 in Sweden and 212 in Norway. At the end of 2012, there were 219 Mekonomen Autoteknik and 216 MekoPartner workshops in MECA Denmark.

New market shares

MECA is also a contracted partner to Bosch Car Service. There is a partnership in Sweden and Norway with more than 150 workshops. In addition, there is a multi-year cooperation with OKQ8. In 2012, the cooperation was further expanded to strengthen and develop OKQ8's workshop chain.

The market in Sweden was highly competitive in 2012. MECA's objective was to capture new market shares, which was also achieved. A key success factor in the industry is to ensure high expertise among employees, and the ability to rapidly react to changes. To ensure that the expertise level remains high, MECA allocates major resources to education and technical support, services that are almost exclusively performed by MECA's personnel.

Future

The further development of MECA Denmark is a prioritised activity, where the objective is to expand with profitability. The qualities existing in both companies must be utilised and the task is to coordinate the strengths, as well as to capitalise on the work methods that historically generated good results.

Consistent efforts are also aimed at continuing to develop MECA Car Service in Sweden and Norway. Successes in the partnerships with Bosch Car Service and OKQ8 also boost activities to develop new partner agreements with players in the Nordic market that have excellent market coverage and an interest in conceptually establishing efficient workshops.




Pehr Oscarsson
Managing Director, MECA Sweden

Peter Persson
IT Director, MECA

Peter Thersthol
Logistics Director, MECA

Ulla Bindzus
Managing Director, MECA Denmark

MECA Scandinavia

CEO: Torbjörn Olsson

MECA Scandinavia operates a nationwide chain of divisions in Sweden and Norway and develops the MECA Car Service workshop concept. In Denmark, the market is cultivated through 41 divisions and affiliated workshops under the Mekonomen Autoteknik and MekoPartner brands. Logistics are controlled from a centralised warehouse in Eskilstuna that stocks more than 50,000 articles.

	2012 *
Net sales (external), SEK M	1,702
EBIT, SEK M **	92
EBIT margin, %	5
Number of stores/ of which proprietary	138/108
Number of MECA Car Service workshops	546
Number of Mekonomen Autoteknik workshops	219
Number of MekoPartner workshops	216

*) Period pertains to 23 May – 31 December 2012 for MECA Scandinavia and 1 January – 31 December 2012 for MECA Denmark.
**) EBIT before amortisation of intangible assets related to the acquisition was SEK 127 M.

Mekonomen Norden

Strengthening of market-leading position

Despite tough competition and a weak general economic trend in mainly Sweden and Finland, Mekonomen Norden was able to increase its market shares in 2012 and strengthen its role as the industry's leading player.

Sweden

In Sweden, consumers' somewhat weaker demand for spare parts and accessories was offset by cost-efficiency enhancements. At the same time, new stores were opened, both proprietary and partner stores. Marketing campaigns were successful. In Sweden, a strong sales increase was noted in proprietary brands and tyres, and there was a strong inflow of new customers who subscribed for the Mekonomen card.

The concept with Mega and Medium facilities remained strong and the majority of the workshops under the Mekonomen Service Centre and MekoPartner brands improved their positions. A proprietary Mega facility was opened in Luleå. Medium facilities were opened in Strömstad, Partille and Linköping. The net inflow of workshops during the year amounted to 55.

In the warehouse operations, extensive work is in progress to further develop the logistics system, resulting in improved delivery precision.

The market for marine products remained weak during the year. The operation under the Marinshopen brand was focused to Älvsjö and Västervik. Through the Mekonomen stores, there are an additional 30 sales locations in Sweden. Efficiency enhancements in all phases generated satisfactory results in 2012.

Mekonomen's Fleet operation in Sweden, where service and repairs are offered to companies with small and large fleets, developed well during the year. Several new customers signed agreements, for example, Skanska, the Police Authority in Stockholm County and Peab. Growth for Mekonomen Fleet for 2012 amounted to 40 per cent and demand for packaged solutions is expected to continue to increase.

Norway

Competition in Norway became tougher in 2012. A decline in demand was noted for the store chain during the second quarter, resulting in cost savings, which were implemented during the remainder of the year.

Marketing of our concept remained at a high level, generating excellent results.

Senior executives at Mekonomen Norden

Frank Bekken
Managing Director, Mekonomen Norway

Christer Blohm
Managing Director, Mekonomen Finland

Krister Duwe
Managing Director, Mekonomen Sweden

Staffan Lindewald
Head of New Transactions business area

The concept for the Mega and Medium facilities remained strong during 2012.

In stores, the sales increase continued for products with Mekonomen's own brands and similar to Sweden, a strong increase was noted in new subscriptions for the Mekonomen card, the inflow was more than 50,000 new card customers.

Finland

In Finland, the expansion continued. At the end of the year, Mekonomen had seven stores, of which four were proprietary. The Finnish market is price-sensitive and car consumers reduced their purchases in 2012. However, Mekonomen's concept was well received by consumers and workshops. Sales to workshops noted a steady increase during the year, where the two last quarters were the strongest.

Future

Future growth for Mekonomen Norden in the markets in Sweden and Norway is based on utilising existing opportunities to further develop our well-known concept.

By expanding the offering with new products and services, such as car-glass and insurance for cars and homes, Mekonomen Norden will be perceived even more as a total supplier.

A common feature in the Mekonomen Norden operations is that the investments in education and competency enhancement in stores and affiliated workshops will be intensified. During 2013, Mekonomen will invest additionally to increase the level of expertise. Together with successful marketing campaigns, these investments will strengthen the brands and increase competitiveness.

New establishment of stores in Finland will continue in 2013 and investments will also be made in Mekonomen Service Centres in Finland, resulting in the expansion of the Mekonomen offering.

Anders Molander
Managing Director, Mekonomen Grossist

Tobias Narvinger
Purchasing Manager, Mekonomen Norden

Siri Unander-Scharin
HR Manager, Mekonomen Norden

Mekonomen Norden

CEO: Petter Torp

Mekonomen Norden has operations in Sweden, Norway and Finland. The stores are collected under the Mekonomen brand and the affiliated workshops are marketed through the Mekonomen Service Centre and MekoPartner chains in Sweden and Norway, as well as Speedy in Sweden. The logistics is controlled from a centralised warehouse in Strängnäs, which stocks approximately 67,000 articles.

	2012	2011
Net sales (external), SEK M	2,830	2,766
EBIT, SEK M	376	438
EBIT margin, %	13	16
Number of stores/ of which proprietary	204 156	202 154
Number of Mekonomen Service Centres	875	821
Number of MekoPartners	210	206
Number of Speedy	11	11

Sørensen og Balchen

A record year for Sørensen og Balchen

The market situation in Norway was divided in 2012. Demand for spare parts and accessories in retail declined slightly, while workshops noted an increase in activity. Despite a market that lacked general growth, Sørensen og Balchen was able to report its best sales year ever.

The 2012 financial year was the first full year for Sørensen og Balchen in the Mekonomen Group. An intense integration effort characterised most of the operation and the results of the efforts were satisfactory, since significant synergy gains were utilised. It is gratifying that the entire organisation remained intact and the previously strong bond to key partners remained solid, entailing opportunities to increase sales and market shares.

The decline in retail accelerated work to implement a cost-efficiency enhancement in the store chain. Work methods and partnerships were evaluated and a number of measures were implemented to improve profitability.

Successful marketing

Major emphasis has been placed on concept development and marketing. The BilXtra brand is classified as "top-of-mind" among a large portion of car consumers in Norway and investments in the market are directed at consolidating that position.

With the exception of the traditional newsletter, which is distributed ten times per year to approximately 800,000 households, marketing through television and radio has increased. To additionally improve the service level, an extensive effort has been implemented to establish a web catalogue, where the objective is to enhance the efficiency of deliveries and to be able to respond to price requests even more rapidly.

Senior executives at Sørensen og Balchen

Robert Kolakowski
CFO of SogB

Hans Ole Høidal
Sales Director of SogB

The BilXtra brand is "top-of-mind" with most car consumers in Norway.

The results of the efforts were good and the positive effect is expected to continue in 2013.

Future

Continuous training for workshop employees remains a high priority. Within Sørensen og Balchen, there are carefully planned programs to improve expertise, which is expected to result in strengthened competitiveness. Resources will also be allocated to develop and market the BilXtra concept. The overall objective is to continue developing the BilXtra concept through direct efforts to improve knowledge about the brand, while increasing the degree of loyalty that already exists among current customers.

Sørensen og Balchen is also focusing on cost-efficiency enhancements in all phases, all the way from the further development of logistics to the daily cooperation with workshops and stores.

The integration work with the Mekonomen Group will also remain an important part of the entire operation, since cooperation at the back of the chain generates significant economies of scale, most distinct with respect to purchasing.

All in all, the objective of Sørensen og Balchen's work in the coming years is to increase sales and improve earnings.


Harald Hillesund
Purchasing Director, SogB


Martin Helle
Marketing Director, SogB


Tom Mathisen
Logistics Director, SogB

Sørensen og Balchen

CEO: Morten Birkeland

Sørensen og Balchen is a warehouse operation that operates the BilXtra spare-parts chain, with stores and affiliated workshops in Norway. The logistics are controlled from a centralised warehouse in Oslo, which stocks approximately 61,000 articles.

	2012	2011*
Net sales (external), SEK M	748	603
EBIT, SEK M **	78	88
EBIT margin, %	10	15
Number of stores/ of which proprietary	78 / 36	77 / 35
Number of BilXtra workshops	225	219

*) 2011 pertains to the 11 March – 31 December period.
**) EBIT before amortisation of intangible assets related to the acquisition was SEK 97 M (102).

Mekonomen assumes responsibility

Mekonomen's vision is to be car owners' first choice and strive for an easier CarLife. We are also taking up the baton to make our industry more sustainable, with less environmental and climate impact, as well as increased traffic safety. Our objective is for our employees to view us as a long-term employer, where there are opportunities for professional and personal development and where every individual has the opportunity to utilise their full potential.

In recent years, Mekonomen has prioritised work in the areas of sustainability and social responsibility. In 2011, a decision was made to support the UN Global Compact, which entails establishing a stricter Code of Conduct.

The Code of Conduct, within the framework for the UN Global Compact, will comprise a guide for the entire Group. The overall responsibility for sustainability and social responsibility lies with Group management within Mekonomen. In 2012, Global Compact was implemented in Sweden, Norway, Denmark and Finland. Work to coordinate these issues in the three Group companies occurs continuously, where good examples in MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen are utilised, according to the Best Practice principle.

Common values

The basis of the Mekonomen Code of Conduct is found in the Group's shared values, formulated as follows:

Customer orientation

- We place the customer first and satisfy our customers' expectations. We are perceived as a full-service company by our customers.

Flexibility

- We search for new ideas and change to meet the requirements of existing and future customers.
- We are perceived as innovative by our customers.

Responsibility

- We assume responsibility for our business surroundings, our resources and our environment.
- Our customers associate us with high quality.
- Internally, responsibility also entails that we have confidence in our employees' qualifications and abilities. We have leadership that contributes to our employees being motivated, loyal and feeling involved in the development of the company.

Business orientation

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

Competency

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

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. The operation within the three Group companies will thus contribute to a more sustainable industry. Since 2009, Mekonomen sells environmentally labelled products and products with reduced negative environmental impact, which are included in the range and marketed under Mekonomen's proprietary brands. 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.

" There is strong support and interest in environmental issues in all parts of the Group and in the past three years, extensive investments have been made in environmental certification and education"

Global Compacts 10 principles

Human rights
Principle 1)
Companies are asked to support and respect the protection of internationally proclaimed human rights within the sphere they can influence.
Principle 2)
Make sure that their company is not complicit in human rights abuses.

Labour conditions
Principle 3)
Companies are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4)
The elimination of all forms of forced and compulsory labour.
Principle 5)
The effective abolition of child labour.
Principle 6)
The elimination of discrimination in respect of employment and occupation.

Environment
Principle 7)
Companies are asked to support a precautionary approach to environmental challenges.
Principle 8)
Undertake initiatives to promote greater environmental responsibility.
Principle 9)
Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
Principle 10) Companies should work against corruption in all its forms, including extortion and bribery.

Strategic environmental effort

The environment and quality are prioritised areas and significant to Mekonomen, with respect to business strategy. Mekonomen wants to become involved and assume responsibility for sustainable development by offering environmentally adopted products and services. Mekonomen wants to generate awareness in customers while securing competitive advantages now and in the future by remaining one step ahead.

For several years, Mekonomen has been conducting active environmental and quality work throughout the Group, with broad investments in environmental certification and education. The most important focus areas for the Group are transport, energy consumption and chemicals.

There is strong interest and support in environmental issues in all parts of the Group. Activities have primarily been focused on the Group's proprietary and franchise operations. The long-term vision is for all operations within the Mekonomen Group 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).

Mekonomen's future environmental objective is that 100 per cent of the distribution vehicles that are delivery vans must have CO2 emissions that are lower than 200 grams/km, and to successively increase the range of environmentally labelled chemical products that are sold by all stores.

Certification and training

Since mid-2010, comprehensive work has been in progress aimed at certifying Mekonomen Norden's operation in Sweden in accordance with ISO 14001 (environment), OHSAS 18001 (work environment) and ISO 9001 (quality). The objective is to integrate the management system in the ordinary operation to facilitate and streamline work. During 2012, all stores in Sweden and slightly more than 70 workshops underwent training in all three certification areas.

To ensure that the expertise level remains high after the certification, audits are performed. Within Mekonomen Norden, there are some ten internal auditors who conducted more than 200 audits in the store network and in workshops during the year. External audits were also conducted continuously by independent certification companies. There were very few deviations identified during the external audits performed in 2012.

During 2012, MECA Scandinavia with all subsidiaries became environmentally certified in accordance with ISO 14001.

Chemicals

Within the chemicals area, extensive quality assurance work was performed on content, labelling and information about products and packaging during 2012. Norway is a forerunner with respect to quality assurance with a strict legislation pertaining to product registration, information and management of oils and other chemicals. Our operations in Norway having long had a high quality level regarding these issues.

The training activities with a focus on chemical issues during the year were prioritised to increase knowledge and awareness among employees within the Group. The training effort was partly driven by the EU's chemical project, which impacts the entire value chain in the Group, but also the stringent legislation in the non-EU country of Norway has a positive impact on operations in other countries with respect to the environment. The training includes transport of hazardous goods and chemicals management, as well as the establishment of procedures for product managers to avoid hazardous substances in the stores' product range. In instances where products did not fulfil Mekonomen's internal requirements, these were removed from the range.

" To optimise goods supply, streamline purchasing and increase control, Mekonomen is successfully developing a model for risk assessment and classification of suppliers"

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 for 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 times reloading occurs to thus reduce the number of transports and also fuel consumption.

Decentralised work with central support
For Mekonomen, it is imperative to arouse interest in environmental issues and generate excellent prerequisites for the workshops that conduct franchise operations under our brands. The workshops are offered support internally by environmentally trained regional managers in each Group company and through external training units. Mekonomen also has specific instructions, for example, for managing hazardous waste, which are easily accessible to all employees in our stores and workshops.

Work with suppliers
In terms of size, the entire purchasing organisation within Mekonomen is a key player in Europe.

To reduce risks and ensure high quality, we decided to purchase from major suppliers in the automotive industry. By being a customer of large and recognised suppliers with good references, Mekonomen will be able to capitalise on the strict demands on follow-ups placed on these players. In this manner, Mekonomen will be guaranteed that the suppliers have management systems for quality (ISO 9001), security (TS), environment (ISO 14001) and work environment (OHSAS 18001), and that the management system is reviewed regularly.

The absolute majority of the purchases are from suppliers in Europe. Mekonomen's purchasing organisation is divided into two different supplier categories: spare parts and accessories. Both of these categories of suppliers are found among the major players in the automotive industry. For accessories, there is a slightly higher number of small suppliers and, when dealing with this group, Mekonomen has provided additional clarification and placed demands on the issues pertaining to the environment, quality, respect for human rights and good working conditions.

Mekonomen's earlier demands in this respect are now being successively replaced by demands for compliance with Mekonomen's Code of Conduct and respecting the UN Global Compact. To optimise goods supply, streamline procurement and increase control, we are successively developing a model for risk assessment and classification of suppliers. This work includes product assurance, implemented through quality follow-ups with suppliers. The work is systematic and will include auditing at manufacturers.

Working at Mekonomen
The organisations within the Mekonomen Group respond to change quickly and are 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 exert 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 there are several strong brands within the Group, which command commitment and create new opportunities. In 2012, several projects were implemented to further systematise work pertaining to employee issues and to develop the Human Resources Management organisation (HRM).

The three Group companies are in various development phases with respect to HRM work. Accordingly, as with the sustainability issues, Mekonomen will successively coordinate the work between the Group companies. The starting point is to document the work that has been implemented to date within MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen to identify Best Practices, which will be the basis for a future strategy at Group level.

Diverse organisation
Mekonomen strives for the Group's organisation to be diverse and reflect the society in which we live. As the product and service range expands within MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen and new target groups are defined, the increasing need for diversity will become even more distinct, including the proportion of women. It has been traditionally easier for the Group companies to attract male employees than female, which is a pattern within the automotive industry. Within Mekonomen Norden, there is an important target stipulating that 30 per cent of employees in stores are female.

Employee surveys
Employee surveys are conducted annually within all three Group companies. The objective is to document and measure employees' view of their employer. Here, opinions from all employees can be documented and the results will be a basis from which to implement changes in the company, both overall and in individual groups/units.

When planning competency and development activities within Mekonomen, it is important that we not only satisfy current requirements but also look ahead to prepare ourselves for future challenges. This is how we will secure future competitiveness for both the company and individual employees.

Focus on health
During 2012, MECA Scandinavia initiated an activity called "A healthier MECA Heart," which consists of two parts: health check-ups

" That Mekonomen is perceived externally as a reliable, stable and attractive business partner is also beneficial in all existing and potential new business relationships"

and employee discussions. The aim of the project is to offer employees activities to reduce stress, undergo anti-tobacco treatment, as well as provide tips on exercises to increase the maximum oxygen consumption.

Within Mekonomen Norden, 2012 was nominated a Health Year, with activities for employees' health and well-being. Through an internal platform, employees were able to register and report their exercise achievements for the competition. The competition was based on employees' being able to choose various forms of exercise from an extensive list, which included everything from judo and cycling to all forms of ball games, running, jogging and walking. Within the framework of Health Year, tips and inspiration were also provided on how food, exercise and stress management do not have to be time consuming. Overall, more than 800 employees in Mekonomen Norden participated in Health Year.

En Frisk Generation (A healthy generation)

En Frisk Generation is a foundation started in 2011, as a joint initiative by researchers from the Karolinska Institute, private companies and various associated organisations. The purpose was to establish a long-term, viable method to impact public health by the early involvement of entire families in a healthier and more enjoyable lifestyle.

The operation started for families with pupils in Class 2 at Blombacka School in Södertälje. During autumn 2012, another school in Södertälje joined the foundation and so did a school in Haninge in 2013.

En Frisk Generation focuses on increasing knowledge on the importance of exercise and good eating habits through direct contact with families, children and adults, in the areas in which resources may be limited. In cooperation with the children's schools, physical activities are combined with knowledge and motivation to improve the families' attitudes to lifestyle and health. The objective for the future is to involve more schools and families around Sweden.

The private companies involved in En Frisk Generation include two main sponsors, ICA and Mekonomen, which have both been involved from the start.

Mekonomen in society

To facilitate young people's entrance into the labour market, Mekonomen participates in several collaborations, including with the Public Employment Services, Telge Tillväxt, Farsta High School and the Stockholm School of Economics.

Since 2010, Mekonomen has participated in Telge Tillväxt, which focuses on providing the young people of Södertälje with work experience, contacts, references and information about working life, with the objective to halve youth unemployment in Södertälje within three years. In 2012, Mekonomen Norden in Sweden recruited 21 individuals who worked in accounting administration, tyre replacement, warehouse work and in stores.

Mekonomen's collaboration with Farsta High School, along with the Swedish Trade Federation and Axel Johnson, involves reducing unemployment among young people by offering trainee positions in our stores. Together with the Stockholm School of Economics, we are active in 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.

Mekonomen and the Pink Ribbon

The Swedish Cancer Fund's Pink Ribbon campaign is held in Sweden in October every year. During 2012, Mekonomen Norden was one of the main sponsors for the third consecutive year. Being active in the Pink Ribbon campaign, together with our employees and customers, we make a contribution and work for something that is positive for society. Approximately SEK 1.5 M was collected from a number of campaigns for the Swedish Cancer Fund.

Mekonomen continues to assume responsibility

By continuing to develop a responsible Mekonomen, value is added to our brands. Focusing on sustainable responsibility 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 partners 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	2012	2011	2010	2009	2008
Net sales	5,292	4,140	3,374	3,129	2,646
Other revenues	134	97	73	77	45
Goods for resale	-2,475	-1,866	-1,607	-1,530	-1,317
Other expenses	-2,423	-1,835	-1,355	-1,352	-1,123
EBIT	528	536	485	325	251
Profit after financial items	474	523	485	323	261
Tax on profit for the year	-92	-143	-134	-86	-72
PROFIT FOR THE YEAR	**382**	**380**	**351**	**237**	**189**

BALANCE SHEET

SEK M	2012	2011	2010	2009	2008
ASSETS					
Intangible assets	3,086	1,116	348	278	254
Other fixed assets	381	302	207	180	148
Inventories	1,203	934	680	620	602
Accounts receivable	495	411	287	265	217
Other current assets	302	225	162	126	116
Cash and cash equivalents	241	67	74	60	85
TOTAL ASSETS	**5,708**	**3,054**	**1,758**	**1,529**	**1,423**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity, Parent Company's shareholders	2,303	1,539	955	877	833
Non-controlling interest	13	17	19	18	18
Long-term liabilities	2,059	511	24	29	42
Current liabilities	1,333	988	760	605	530
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,708**	**3,054**	**1,758**	**1,529**	**1,423**

CONDENSED CASH-FLOW STATEMENT

SEK M	2012	2011	2010	2009	2008
Cash flow from operating activities	518	259	358	289	209
Cash flow from investing activities	-1,510	-512	-184	-92	-93
Cash flow from financing activities	1,165	246	-160	-222	-321
CASH FLOW FOR THE YEAR	**173**	**-7**	**14**	**-25**	**-205**

DATA PER SHARE *

Amounts in SEK per share unless otherwise stated	2012	2011	2010	2009	2008
Profit	10.80	11.39	10.95	7.38	5.84
Cash flow	14.93	7.98	11.60	9.38	6.77
Shareholders' equity	64.2	46.9	30.9	28.4	27.0
Dividends**	7	8	8	7	6
Share of profit paid, %	65	69	73	95	103
Share price at the end of the year	206.5	225	223	155	70
Share price, highest for the year	246	257.5	228	159.5	151
Share price, lowest for the year	180	157	131	71.75	58.25
Direct yield, %	3.4	3.6	3.6	4.5	8.6
P/E ratio at the end of the year, multiple	19.1	19.8	20.4	21.0	12.0
Average number of shares after dilution effects***	34,692,458	32,436,258	30,868,822	30,868,822	30,868,822
Number of shares at the end of the period	35,901,487	32,814,605	30,868,822	30,868,822	30,868,822
Number of shareholders at the end of the year	8,138	7,735	8,024	7,430	6,559

*) For information on definition of key figures, refer to page 63.
**) Board of Directors' proposal for 2012.
***) No dilution is current.

KEY FIGURES *

	2012	2011	2010	2009	2008
Sales growth, %	28	23	8	19	6
Gross margin, %	53	55	52	51	50
EBIT margin, %	10	13	14	10	9
Profit margin, %	9	12	14	10	10
Capital employed, SEK M	4,432	2,203	1,060	925	905
Operating capital, SEK M	4,191	2,136	986	865	820
Return on capital employed, %	15	29	49	36	28
Return on operating capital, %	17	34	52	39	33
Return on shareholders' equity, %	19	27	37	27	20
Return on total capital, %	11	20	30	22	19
Equity/assets ratio, %	41	51	55	59	60
Net debt/equity ratio, multiple	0.8	0.4	0	neg	neg
Interest-coverage ratio, multiple	10	26	151	66	33
Net indebtedness, SEK M	1,875	580	12	neg	neg
AVERAGE NUMBER OF EMPLOYEES					
Sweden	1,287	1,076	850	789	732
Norway	690	475	251	243	233
Denmark	404	392	358	398	397
Finland	24	15	3	-	-
GROUP	**2,405**	**1,958**	**1,462**	**1,430**	**1,362**
NUMBER OF STORES/of which proprietary					
Mekonomen Sweden	143/115	144/114	141/111	134/103	123/103
Mekonomen Norway	51/35	53/36	47/32	47/31	44/29
Mekonomen Finland	7/4	3/3	2/2	-	-
Mekonomen Iceland	1/0	1/0	-	-	-
Marinshopen	2/2	1/1	-	-	-
Total Mekonomen Norden	**204/156**	**202/154**	**190/145**	**181/134**	**167/132**
Sørensen og Balchen - Norway	**78/36**	**77/35**	**-**	**-**	**-**
MECA Sweden	64/43	-	-	-	-
MECA Norway	25/24	-	-	-	-
MECA Denmark	49/41	54/40	40/37	39/38	39/39
Total MECA	**138/108**	**54/40**	**40/37**	**39/38**	**39/39**
M by Mekonomen	1/1	1/1	1/1	-	-
GROUP	**421/301**	**334/230**	**231/183**	**220/172**	**206/171**
NUMBER OF MEKONOMEN SERVICE CENTRES					
Sweden	484	438	426	401	363
Norway	387	380	352	331	320
Denmark	219	215	195	178	169
Finland	4	3	2	-	-
GROUP	**1 094**	**1 036**	**975**	**910**	**852**
NUMBER OF MEKOPARTNERS					
Sweden	137	128	128	117	75
Norway	73	78	63	53	38
Denmark	216	214	172	126	86
GROUP	**426**	**420**	**363**	**296**	**199**
NUMBER OF BILXTRA WORKSHOPS					
Norway	225	219	–	–	–
GROUP	**225**	**219**	**-**	**-**	**-**
NUMBER OF SPEEDY WORKSHOPS					
Sweden	11	11	11	–	–
GROUP	**11**	**11**	**11**	**-**	**-**
NUMBER OF MECA CAR SERVICE WORKSHOPS					
Sweden	334	-	-	-	-
Norway	212	-	-	-	-
GROUP	**546**	**-**	**-**	**-**	**-**
TOTAL NUMBER OF AFFILIATED WORKSHOPS IN THE GROUP	**2,302**	**1,686**	**1,349**	**1,206**	**1,051**

*) For information on definition of key figures, refer to page 63.

Quarterly overview*

	Full-year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full-year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
NET SALES, SEK M										
MECA	1,702	612	539	360	191	759	190	187	195	187
Mekonomen Norden	2,830	721	675	741	692	2,766	703	707	744	611
Sørensen og Balchen	748	188	180	194	186	603	176	190	199	39
Other	12	3	6	3	1	13	5	2	4	2
GROUP	**5,292**	**1,524**	**1,400**	**1,298**	**1,070**	**4,140**	**1,074**	**1,086**	**1,142**	**838**
EBIT, SEK M										
MECA	92	20	37	26	10	63	1	18	26	17
Mekonomen Norden	376	84	95	103	94	438	101	119	126	91
Sørensen og Balchen	78	20	19	27	11	88	25	25	37	2
Other	-18	1	0	-15	-4	-53	-23	1	-16	-15
GROUP	**528**	**125**	**151**	**141**	**111**	**536**	**104**	**163**	**173**	**95**
EBIT MARGIN, %										
MECA	5	3	7	7	5	8	1	10	13	9
Mekonomen Norden	13	12	14	13	13	16	14	16	17	15
Sørensen og Balchen	10	11	10	14	6	15	14	13	18	4
GROUP	**10**	**8**	**11**	**11**	**10**	**13**	**10**	**15**	**15**	**11**
QUARTERLY DATA, GROUP										
Net financial items, SEK M	-54	-16	-24	-8	-4	-13	-4	-2	-6	0
Profit after financial items, SEK M	474	109	127	132	106	523	100	161	167	95
Tax, SEK M	-92	12	-36	-39	-29	-143	-29	-44	-45	-25
Profit for the period, SEK M	382	121	91	93	77	380	71	118	122	70
Gross margin, %	53	52	55	52	55	55	56	55	54	54
Earnings per share, SEK	10.80	3.36	2.46	2.65	2.29	11.39	2.16	3.53	3.67	2.12

*) For information on definition of key figures, refer to page 63.

Administration Report

The Board of Directors and President of Mekonomen AB (publ), Corporate Registration Number 556392-1971, hereby submit the Annual Report and Consolidated Accounts for the 2012 financial year.

GENERAL

The Mekonomen Group comprises the three Group companies: MECA Scandinavia, Mekonomen Norden and Sørensen og Balchen. We offer a broad and accessible range of affordable and innovative solutions and products for consumers and companies. The Mekonomen Group includes the leading automotive spare-parts chains in the Nordic region, with proprietary wholesale operations. As of 31 December 2012, the Mekonomen Group had more than 400 stores and about 2,300 affiliated workshops operating under the Mekonomen brand.

The Parent Company has its registered office in Stockholm. The head office is located at 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 as of December 31, 2012 are the Axel Johnson AB Group, with 26.5 per cent, Eva Fraim Påhlman, with 5.6 per cent and Threadneedle Investments, with 5.1 per cent.

FINANCIAL YEAR

The 2012 financial year was characterised by weak market growth. However, the Mekonomen Group reported stronger growth than the overall market in the Nordic region, primarily due to successful marketing activities. The Group's revenues for the full-year 2012, including the MECA acquisition, rose 28 per cent to SEK 5,426 M (4,237) while EBIT declined to SEK 528 M (536). EBITA for the full year rose 7 per cent to SEK 602 M (560).

MECA Scandinavia was acquired in May 2012 which contributed an additional 90 stores and nearly 500 MECA Car Service workshops.

During the year, strong focus was on the integration of MECA and Sørensen og Balchen, which was successful. Both MECA and Sørensen og Balchen have recorded favourable earnings since each company was acquired. Following the acquisition of Sørensen og Balchen in 2011 and MECA in 2012, the focus ahead is to consolidate the operations, in addition to continued integration work.

The number of affiliated workshops continue to increase and as at 31 December 2012 amounted to 2,302 (1,686), of which Mekonomen Service Centres increased to 1,094 (1,036), MekoPartner to 426 (420), BilXtra to 225 (219), Speedy to 11 (11) and MECA Car Service to 546 (0). The number of stores in the chain increased by 87, of which 71 were proprietary stores. The total number of stores in the chain at the end of the year was 421 (334), of which 301 (230) are proprietary stores.

Revenues

Revenues for the full year increased 28 per cent to SEK 5,426 M (4,237). Other revenues include exchange-rate gains of SEK 27 M (14), as well as rental revenue, property-related revenue, licenses, etc. The organic growth, meaning the increase in net sales adjusted for acquisitions, currency effects and the number of workdays, was 2 per cent (2) during 2012.

EBIT

EBIT amounted to SEK 528 M (536) and the EBIT margin was 10 per cent (13).

Profit after financial items

Profit after financial items amounted to SEK 474 M (523). Net financial expense amounted to SEK 54 M (expense: 13). Net interest expense amounted to SEK 42 M (expense: 14) and other financial items totalled an expense of SEK 11 M (income: 1). Net financial expense was negatively impacted by currency effects totalling SEK 4 M (pos: 2).

Profit for the year

Profit for the year amounted to SEK 382 M (380) and earnings per share to SEK 10.80 (11.39). Of the year's profit, SEK 375 M (370) was attributable to the Parent Company's shareholders and SEK 7 M (10) to non-controlling interests.

MECA

Net sales (external) for the entire MECA segment, including MECA Denmark, amounted to SEK 1,702 M. EBIT amounted to SEK 92 M and the EBIT margin was 5 per cent. The number of stores was 138, of which 108 were proprietary stores.

Since 1 October 2012, Mekonomen's Danish operation has been governed by MECA. Denmark's sales and earnings are thus included in the MECA segment for the January – December 2012 period.

Net sales (external) for MECA Scandinavia, excluding MECA Denmark, amounted to SEK 1,000 M for the period 23 May – 31 December. EBIT amounted to SEK 130 M and the EBIT margin was 13 per cent.

Sales and earnings pertaining to the acquisition of MECA Scandinavia applied to the period 23 May – 31 December 2012. Earnings during the period were positively impacted by acquisition synergies. The integration project is progressing well and is ahead of schedule. Furthermore, earnings were charged with amortisation totalling SEK 35 M of intangible fixed assets identified in connection with the acquisition for the 23 May – 31 December period.

Net sales (external) for MECA Denmark amounted to SEK 702 M (759), the operating loss was SEK 38 M (profit: 63) and the EBIT margin was a negative 5 per cent (pos: 8). Earnings were negatively impacted by a lower gross margin and non-recurring effects totalling SEK 12 M (0).

Measures are implemented continuously to adapt the structure and costs in Denmark to the prevailing market situation, with a focus on retaining Mekonomen's strong position in the market, according to MECA's B2B model. It has been deemed that Denmark's earnings will be impacted by further structural costs of SEK 15 M during the first as well as during the second quarter of 2013.

Mekonomen Norden

Net sales (external) rose 2 per cent to SEK 2,830 M (2,766). The number of workdays was three fewer in 2012 compared with 2011 as well as the the currency effects to NOK were negative for the full year. The underlying net sales rose 3 per cent (8).

EBIT amounted to SEK 376 M (438) and the EBIT margin was 13 per cent (16). The number of stores amounted to 204 (202), of which 156 (154) were proprietary.

Net sales (external) for Mekonomen Sweden amounted to SEK 1,724 M (1,747) and EBIT was SEK 287 M (323).

Net sales (external) for Mekonomen Norway amounted to SEK 824 M (808) and EBIT was SEK 120 M (132).

Sales to affiliated workshops progressed well during the year, while there was a decline to other workshops. This change generated weaker gross margins in both Sweden and Norway. The year was characterised by a weak market, pertaining mainly to sales to consumers and sales of accessories, which had a negative impact primarily in Sweden. In Norway, the proportion of sales to consumers rose during the year, mainly due to the successful marketing of the Mekonomen card in Norway.

In Finland, a regional warehouse was established in Helsinki in March, which has strengthened the logistics capacity for Mekonomen's continued deployment of units in Finland. This was a key step in Mekonomen's continued investment in the Finnish market, where four new medium-units were established during the year.

Sørensen og Balchen

Net sales (external) totalled SEK 748 M (603) and EBIT amounted to SEK 78 M (88), with an EBIT margin of 10 per cent (15). Sørensen og Balchen was acquired in March 2011 and sales and earnings for the comparative period pertained to 11 March–31 December 2011.

Before amortisation of intangible fixed assets related to the full year acquisition, profit was SEK 97 M for the full-year 2012. Net sales for the full year 2011 amounted to SEK 728 M and EBIT was SEK 92 M. The integration effort since the acquisition of Sørensen og Balchen continues successfully and had a positive impact on earnings.

The number of stores amounted to 78 (77), of which 36 (35) are proprietary.

ACQUISITIONS AND START-UPS

Mekonomen's acquisition of the automotive spare-parts chain MECA Scandinavia was concluded on 23 May following acquisition approval by the Norwegian Competition Authority. Annual synergies, as a direct result of the acquisition, are estimated at SEK 80 M from 2013. MECA will continue to operate as a separate group under the existing brand. Payment comprised 3,086,882 new share issues through a non-cash issue and SEK 1,351 M in cash. MECA is included in Mekonomen's financial reporting from the date of acquisition, 23 May 2012. The total purchase consideration amounted to SEK 2,010 M. The acquisition contributed an additional 90 stores and nearly 500 MECA Car Service workshops in the Swedish and Norwegian markets.

MECA Denmark acquired two partner stores located in Holbæk and Brønderslev, and has started a new store in Skærbæk. During the year, Mekonomen Norden acquired five partner stores in Sweden located in Åmål, Sala, Mölndal, Högsbo and Kungsbacka, and established a new store in Partille. Partnership medium facilities were also opened in Strömstad and Linköping and a store in Akalla converted from proprietary to partner. In addition, Mekonomen Norden acquired and divested non-controlling interests in stores and workshops in Sweden. In Finland, a new store opened in Kuopio and three partner stores were affiliated in Jakobstad, Ekenäs and Mariehamn. Of the four marine stores that Mekonomen took over from Huges, the stores in Roslagen and Orust were discontinued during the third quarter.

In Sørensen og Balchen, a new store was opened in Os, outside Bergen, Norway, during the first quarter.

Investments

During the year, investments in tangible fixed assets amounted to SEK 80 M (95). Depreciation of tangible fixed assets for the full year was SEK 73 M (58). In addition to this, investments in new IT systems amounted to SEK 42 M (39) during the year.
Company and business acquisitions amounted to SEK 2,046 M (917) during the year. Acquired assets in these acquisitions totalled SEK 617 M (372) and acquired liabilities totalled SEK 325 M (127). In addition to goodwill, which amounted to SEK 1,109 M (496), intangible surplus value was identified pertaining to brands SEK 270 M (56), franchise contracts SEK 0 M (47) and customer relations SEK 600 M (136). The deferred tax liability attributable to the acquired intangible assets amounted to SEK 229 M (64). The brand has an indefinite useful life, franchise contracts and customer relations are deemed to have a useful life of ten years. See Note 28 for effects of implemented acquisitions.

FINANCIAL POSITION

Cash and cash equivalents and current investments at the end of the year amounted to SEK 241 M, compared with SEK 67 M as of 31 December 2011. Unutilised short-term credits as of 31 December 2012 amounted to SEK 325 M (192). The equity/assets ratio was 41 per cent (51). At the end of the year, interest-bearing liabilities amounted to SEK 2,116 M (647), of which the current portion amounted to SEK 296 M (198) and net indebtedness amounted to SEK 1,875 M (580). The increase in interest-bearing liabilities was primarily attributable to the acquisition of MECA.

CASH FLOW

Cash flow for the year was SEK 173 M (neg: 7). Cash flow from operating activities amounted to SEK 518 M (259). The change between the years was primarily due to lower restrictions in working capital compared with the preceding year. Cash flow from investment activities was negative SEK 1,510 M (neg: 512) and mainly due to the acquisition of operations, as well as investments in fixed assets. Cash flow from financing activities amounted to SEK 1,165 M (246). Loans raised during the period amounted to SEK 1,650 M (600), which were amortised by SEK 210 M (78) during the year, including changes in overdraft facility. Dividend paid to shareholders totalled SEK 275 M (276).

HUMAN RESOURCES

The number of employees at the end of the period was 2,572 (2,029) and the average number of employees during the period was 2,405 (1,958).

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to senior executives is presented in Note 5. The Board of Directors will propose the following guidelines for remuneration of 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 the 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 four indi-

viduals 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 basic salary. Pensionable salary refers to the basic salary. In the event of termination from the company, severance pay can amount to a maximum of one year's basic salary. In addition, there is a special bonus program that extends for three years and is based on the Group's profits 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 company's Board of Directors.

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 MECA in May 2012, currency exposure in NOK and EUR, as well as exposure to the interest-rate market increased during 2012. Import occurs nearly exclusively from Europe, where the currencies largely consist of EUR, SEK and NOK. Purchases in EUR comprised approximately 23 per cent of the purchased volumes. Due to the high correlation between DKK and EUR, sales and purchases in these currencies can be matched; 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, as well as from MECA CarParts AB to each country and earnings for the year in Norway and Denmark. Hedging pertaining to the net flows and internal receivables has been done during the year.

FACTORS PERTAINING TO PROFIT BEFORE TAX, SEK M	Change	Impact *)
Sales volume	+1%	32
Exchange-rate fluctuations		
– NOK	+1%	8
– EUR	+1%	-3
– DKK	+1%	+0
Gross margin	plus one perc. pt.	59
Personnel expenses	+1%	-14
Interest rate **)	+1%	-19

*) All things being equal, profit before tax for the 2012 financial year. Recalculated to include MECA for the full year.
**) Effect based on the Group's net debt as of 31 December 2012.

RISKS AND UNCERTAINTIES

The market trend for 2012 was characterised by weak market growth, primarily pertaining to sales to consumers 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 aftermarket for passenger cars.

Competition pertaining to spare-parts sales to workshops is considerable 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, including Mekonomen Norden and MECA, all have a range that covers most vehicle brands. The situation is similar in both Norway and Denmark with a few large players offering 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, availability is very important, which means that the rate of delivery is a key competitive factor.

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.

During 2012, we noted higher price competition compared with earlier years, primarily from players in the independent sector but also from the brand-dependent sector.

Operational risks

The company is highly aware that the increasingly centralised IT structure could provide the Group with major advantages and improved opportunities. This also entails major risks in the form of the risk of operational stops in central functions pertaining to the Group's systems for order and inventory management.

Major emphasis is placed on the Group's fire prevention work since a fire at any of the Group's centralised warehouses would have a major impact on the service to the Group's customers.

Cash management risk

Since Mekonomen's operations include cash management, this entails a risk of theft, with respect to stores and transportation of cash to the bank. Mekonomen strives to provide the same level of solutions for security services, security systems and cash management for all companies within the Group.

Shrinkage

Mekonomen's operations include sales and storage of a large number of products. Since a large portion of these products are theft-prone, there is always a risk of shrinkage. At Mekonomen, work is continuously in progress to define scrapping, internal consumption and actual theft. The work to combat shrinkage is 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 of procedures to manage shrinkage, while providing a basis for higher vigilance on goods that are particularly theft-prone.

Financial risks

Through its operations, Mekonomen is exposed to currency, credit, interest-rate and liquidity risks. Refer also to Note 32 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 56 M (loss: 18), excluding dividends from subsidiaries totalling SEK 151 M (146). The average number of employees was 68 (76).

During the year, Mekonomen AB sold goods and services to Group companies totalling SEK 109 M (108).

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 2012, training activities already in progress continued in order 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 prevailing legislations and that we comply with the expectations placed on us by our management system. Our certification also includes ISO9001 quality and OHSAS 18001 work environment, in addition to ISO14001 environment. At centralised warehouses 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

No significant events occurred after the end of the financial year.

FUTURE DEVELOPMENT

Following the acquisition of Sørensen og Balchen in 2011 and MECA in 2012, the focus has been on consolidating the operations. The 2013 financial year will also be a year of consolidation, with strong focus on improving profitability in both Denmark and the Group as a whole. The total market remained weak and the prevailing market situation continues to be uncertain.

SHARE

Share capital and ownership structure

During the financial year, a new share issue was implemented in connection with the acquisition of MECA Scandinavia. The newly issued shares were valued at a closing rate of SEK 213.50 on 22 May 2012. The new issue involved an increase of 3,086,882 in the number of shares and an increase of SEK 8 M in the share capital, as well as an increase of SEK 651 M in other contributed capital. As of 31 December 2012, Mekonomen's share capital amounted to SEK 90 M (82) and comprised 35,901,487 shares (32,814,605) at a quotient value of SEK 2.50 per share (2.50). 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 26.5 per cent of the voting rights. For information about the ten largest shareholders as of 31 December 2012, refer to the table on page 24.

Authorisation

The Annual General Meeting resolved on 23 May 2012 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 3,281,461 shares. The decision about new share issues may include provisions that the issued shares may be paid in kind, through offsetting or generally include terms and conditions pursuant to 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 dividends corresponding to not less than 50 per cent of profit after tax. When determining future dividends, consideration will primarily be made to investment needs, but also to 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 for joint influence over the company. As far as the Board of Mekonomen is aware, there are no agreements or similar that may result in a change in the control of the company.

Share dividend

The Board proposes a dividend of SEK 7.00 (8.00) based on earnings per share for the year, which is 65 (69) per cent of earnings per share.

BOARD OF DIRECTORS' WORK 2012

At the Annual General Meeting in May 2012, 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 re-elected Chairman of the Board.

During 2012, the Board held ten (10) 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 that focuses on remuneration of Company Management. This Committee, which held four meetings in 2012, comprises 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 at which 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 2012 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 2013 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	938,625
Share premium reserve	651,332
Profit for the year	227,066
TOTAL	**1,817,023**

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

Dividend to shareholders (SEK 7/share)	251,310
To be carried forward	1,565,713
TOTAL	**1,817,023**

THE BOARD'S STATEMENT CONCERNING THE PROPOSED DIVIDEND
Following the proposed dividend, the Parent Company's equity/assets ratio will amount to 45 per cent and the Group's equity/assets ratio to 38 per cent calculated on the balance-sheet date, 31 December 2012. 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 April 2013 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. Any deviations from the Code by Mekonomen and associated explanations are reported in the running text.

SHAREHOLDERS

Shares and shareholders

The share capital amounted to SEK 89,753,718 on 31 December 2012, represented by 35,901,487 shares. Each share represents one voting right at the Annual General Meeting. The total market value for the company on 31 December 2012 amounted to SEK 7.4 billion, based on the closing price of SEK 206.50.

The number of shareholders on 31 December 2012 was 8,138. At the same date, the ten largest shareholders controlled 54.9 per cent of the capital and voting rights and the participation of foreign owners accounted for 30.0 per cent of the capital and voting rights.

The ten largest shareholders at 31 December 2012, according to SIS Ownership Data Corp.

Shareholders	Number of shares	% of votes and capital
Axel Johnson AB with subsidiaries	9,516,235	26.5
Eva Fraim Påhlman	2,009,176	5.6
Threadneedle Investments	1,832,278	5.1
SHB Funds (Finland)	1,272,000	3.5
Kempen European Participations N.V.	1,091,483	3.0
Ing-Marie Fraim Sefastsson	1,000,000	2.8
Enter Funds	821,912	2.3
SEB Funds	734,983	2.0
Swedbank Robur Funds	721,522	2.0
Alecta	700,000	1.9
TOTAL	19,699,589	54.9

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 making 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 is currently not financially justifiable 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, for example, 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 23 May 2012, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 16 April 2013 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 2013 Annual General Meeting, consists of Göran Ennerfelt, representing the Axel Johnson AB Group, Eva Fraim Påhlman, representing own shareholdings, Annika Andersson, representing Swedbank Robur Funds and Leif Törnvall, representing Alecta. 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 members 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 of 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 23 May 2012, 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, nor 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 2012, 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.

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	10/10	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 considered independent of major shareholders in the company.
D = Board members considered dependent of major shareholders in the company.

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 2012 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 Executive Vice 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, 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 to the Board their opinion on how the company's 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 two of these meetings.

COMPANY MANAGEMENT

President's assignment

The President is appointed and may be discharged by the Board and his 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 page 29.

Remuneration of Company Management

Mekonomen's Board of Directors 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 of 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 2012 Annual General Meeting, Deloitte AB, with Authorised Public Accountant Thomas Strömberg as Auditor in Charge, was appointed as the auditing firm until the 2013 Annual General Meeting. In addition to Mekonomen, Thomas Strömberg is also the auditor of Karolinska Development, Tele 2 and Rezidor Hotel Group AB.

Remuneration to Deloitte, SEK M	2012	2011
Remuneration for audit assignments	7	6
Audit related services other than the audit assignment	0	0
Tax advice	0	0
Other services	0	0

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 the Group having acceptable procedures for internal control and high-quality, 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 present their plans, risk assessments and controls, as well as findings from the audit at two Board meetings during the year. 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 addressing internal control pertaining to financial reporting.

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

Risks of errors in the financial reporting are reduced through good internal control of the financial reporting, with specific focus on significant areas defined by the Board of Directors. The aim of the appropriate control activities is to detect, 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 function, 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 feedback 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, 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 Inc., Axfast AB, Axfood AB, NCC AB, Axel and Margareta Ax:son Johnson's Foundation for Public Service, the Royal Swedish Academy of Engineering Sciences (IVA), as well as Antonia Ax:son Johnson's Foundation for Environment and Development, etc.

SHARES IN MEKONOMEN: 9,516,235 through companies.
Board member since 2006.

Marcus Storch
Executive 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, Storch & Storch AB and KEBRIS AB. Vice Chairman of Axel Johnson AB and Axfood AB. Board member of Nordstjernan AB, Investment AB Öresund, as well as member of the Royal Swedish Academy of Sciences (KVA) 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. Board member of Sweco AB (publ), Sapa AB, 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 2E Group AB, as well as President of Lernia AB. Furthermore, Helena Skåntorp is also Chairman of the Board of 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.

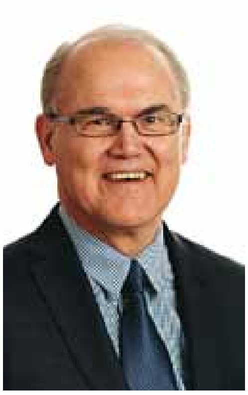
Management

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: 47,600.
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.

Per Hedblom
CFO
Born 1967

EXPERIENCE: Partner of Centigo, Associate Director of Arkwright, Consultant at Accenture, Invest in Sweden Agency.

SHARES IN MEKONOMEN: 1,000
Employed 2007.

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.

Gunilla Spongh
International Business Director
Born 1966.

EXPERIENCE: CFO of Mekonomen (publ), 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, Finance Manager of Electrolux Storkök AB.

OTHER ASSIGNMENTS: Board member of Infranord AB.

SHARES IN MEKONOMEN: 6,000.
Employed 2007.

Income statement

SEK M	Note	2012	2011
Net sales	2	5,292	4,140
Other operating revenue		134	97
TOTAL REVENUES		**5,426**	**4,237**
OPERATING EXPENSES			
Goods for resale		-2,475	-1,866
Other external costs	4, 8	-1,060	-786
Personnel expenses	5	-1,216	-966
Depreciation of tangible fixed assets	6	-73	-58
Amortisation of intangible fixed assets	6	-74	-25
EBIT		**528**	**536**
FINANCIAL INCOME AND EXPENSES			
Income from divestment of subsidiaries		0	2
Interest income		8	7
Interest expenses		-51	-21
Other financial items	8, 19	-11	-1
PROFIT AFTER FINANCIAL ITEMS		**474**	**523**
Tax on profit for the year	9	-92	-143
PROFIT FOR THE YEAR		**382**	**380**
Profit for the year attributable to:			
Parent Company's shareholders		375	370
Non-controlling interest		7	10
Profit for the year		**382**	**380**
Earnings per share before dilution attributable to Parent Company's shareholders, SEK *		10.80	11.39
Average number of shares *		34,692,458	32,436,258

*) No dilution is applicable. For further information on data per share, refer to page 17.

Group comprehensive income

SEK M	2012	2011
Profit for the year	382	380
Other comprehensive income		
Exchange-rate difference from translation of foreign subsidiaries	4	16
Actuarial gains and losses	-6	1
Other comprehensive income/expense, net after tax	***-2***	***17***
PROFIT FOR THE YEAR	**380**	**397**
Comprehensive income for the period attributable to		
Parent Company's shareholders	373	387
Non-controlling interest	7	10
	380	**397**

Cash flow

SEK M	Note	**2012**	2011
OPERATING ACTIVITIES			
Profit after financial items		474	523
Adjusted for items not affecting liquidity	27	139	78
		613	**601**
Tax paid		-196	-161
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		**417**	**440**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease (+)/increase(–) of inventories		39	-69
Decrease (+)/increase(–) of receivables		89	-115
Decrease (–)/increase(+) of liabilities		-27	3
INCREASE (–)/DECREASE(+) RESTRICTED WORKING CAPITAL		**101**	**-181**
CASH FLOW FROM OPERATING ACTIVITIES		**518**	**259**
INVESTMENTS			
Acquisition of subsidiaries	28	-1,380	-383
Divestment of subsidiaries	28	11	8
Acquisition of tangible fixed assets	10, 12	-80	-95
Divestment of tangible fixed assets		1	5
Acquisition of intangible fixed assets	13	-42	-39
Increase (–)/decrease(+) of long-term lending		-20	-7
CASH FLOW FROM INVESTING ACTIVITIES		**-1,510**	**-512**
FINANCING ACTIVITIES			
Change in overdraft facilities		-43	51
Loans raised	19	1,650	600
Amortisation of loans		-167	-129
Dividends paid		-275	-276
CASH FLOW FROM FINANCING ACTIVITIES		**1,165**	**246**
CASH FLOW FOR THE YEAR		**173**	**-7**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**67**	**74**
Exchange-rate difference in cash and cash equivalents		1	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**18**	**241**	**67**

Interest received amounted to SEK 8 M (7) and interest paid amounted to SEK 51 M (21).

Balance sheet

SEK M	Note	**31 Dec. 2012**	31 Dec. 2011
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS	13		
Goodwill		1,903	789
Brands		331	63
Franchise contracts		40	44
Customer relationships		681	128
Capitalised expenditure for IT systems		131	92
TOTAL INTANGIBLE ASSETS		**3,086**	**1,116**
TANGIBLE FIXED ASSETS			
Improvement costs, third-party property	10	48	41
Equipment and transport	12	212	191
Leased equipment and transport	12	27	3
TOTAL TANGIBLE FIXED ASSETS		**287**	**235**
FINANCIAL FIXED ASSETS			
Other long-term receivables	15	94	67
TOTAL FINANCIAL FIXED ASSETS		**94**	**67**
TOTAL FIXED ASSETS		**3,467**	**1,418**
CURRENT ASSETS			
Goods for resale		1,203	934
Current receivables	16, 17	797	636
Cash and cash equivalents	18	241	67
TOTAL CURRENT ASSETS		**2,241**	**1,637**
TOTAL ASSETS		**5,708**	**3,054**

Balance sheet

SEK M	Note	31 Dec. 2012	31 Dec. 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Share capital, 35,901,487 (32,814,605) shares		90	82
Other capital contributions		1,456	805
Translation reserve		4	0
Profit brought forward including profit for the year		753	652
TOTAL SHAREHOLDERS EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS		**2,303**	**1,539**
Non-controlling interest		13	17
TOTAL SHAREHOLDERS' EQUITY		**2,316**	**1,556**
LONG-TERM LIABILITIES			
Liabilities to credit institutions, interest-bearing	19	1,809	449
Deferred tax liabilities	14	230	53
Provisions	20	20	9
TOTAL LONG-TERM LIABILITIES		**2,059**	**511**
CURRENT LIABILITIES			
Liabilities to credit institutions, interest-bearing	19, 21	296	198
Tax liabilities		87	83
Other current liabilities, non-interest-bearing	21, 22	950	707
TOTAL CURRENT LIABILITIES		**1,333**	**988**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,708**	**3,054**
MEMORANDUM ITEMS			
Pledged assets	23	17	Inga
Contingent liabilities	23	22	20

Income statement

SEK M	Note	**2012**	2011
Net sales	2, 29	130	129
Other operating revenue		59	46
TOTAL REVENUES		**189**	**175**
OPERATING EXPENSES			
Goods for resale		-30	-21
Other external costs	4, 8	-93	-90
Personnel expenses	5	-72	-72
Depreciation/amortisation of tangible and intangible fixed assets	6	-17	-13
EBIT		**-23**	**-21**
FINANCIAL INCOME AND EXPENSES			
Dividend on shares in subsidiaries		151	146
Income from divestment of participations in subsidiaries		0	1
Interest income		26	24
Interest expenses		-52	-22
Other financial items	19	-7	0
PROFIT AFTER FINANCIAL ITEMS*		**95**	**128**
Appropriations *	7	160	215
Tax on profit for the year	9	-28	-53
PROFIT FOR THE YEAR		**227**	**290**

*) From 1 January 2012, the new RFR 2 regulations pertaining to Group contributions have been applied in advance according to the alternative rule, entailing that Group contributions are recognised as appropriations instead of financial income/expense in the income statement. Comparable year 2011 has been reclassified, entailing a reclassification of SEK 228 M from profit after financial items to appropriations.

Parent Company comprehensive income

SEK M	**2012**	2011
Profit for the year	227	290
Exchange-rate difference, net investment in foreign operations	-1	-
COMPREHENSIVE INCOME FOR THE YEAR	**226**	**290**

Cash flow

SEK M	Note	2012	2011
OPERATING ACTIVITIES			
Profit after financial items *		95	128
Adjustment for items not affecting liquidity *	27	16	13
		111	141
Tax paid		-93	-58
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**18**	**83**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease (+) /increase (-) of inventories		1	0
Decrease (+) /increase (-) of receivables		41	93
Decrease (-) /increase (+) of liabilities		144	8
INCREASE (-)/DECREASE(+) RESTRICTED WORKING CAPITAL		**186**	**101**
CASH FLOW FROM OPERATING ACTIVITIES		**204**	**184**
INVESTMENTS			
Acquisition of subsidiaries	24, 28	-1,375	-327
Divestment of subsidiaries		-	1
Acquisition of tangible fixed assets	12	-10	-2
Acquisition of intangible fixed assets	13	-32	-39
Increase (-) /decrease (+) of long-term loans **		-13	-12
CASH FLOW FROM INVESTING ACTIVITIES		**-1,430**	**-378**
FINANCING ACTIVITIES			
Loans raised	19	1,650	600
Amortisation of loans		-162	-142
Dividends paid		-263	-263
CASH FLOW FROM FINANCING ACTIVITIES		**1,225**	**195**
CASH FLOW FOR THE YEAR		**-1**	**1**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1**	**0**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**18**	**0**	**1**

*) From 1 January 2012, the new RFR 2 regulations pertaining to Group contributions have been applied in advance according to the alternative rule, entailing that Group contributions are recognised as appropriations instead of financial income/expense in the income statement. Comparable year 2011 has been reclassified.

**) Compared with the 2011 annual report, a deficit of SEK 12 M in the cash-flow statement for 2011 was reclassified between cash flow from investing activities and cash flow from financing activities, pertaining to long-term lending. The reclassification did not have any impact on the total cash flow.

Interest received amounted to SEK 26 M (24) and interest paid amounted to SEK 52 M (22).

Balance sheet

SEK M	Note	**31 Dec. 2012**	31 Dec. 2011
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS	13		
Capitalised expenditure for IT systems		111	92
TOTAL INTANGIBLE FIXED ASSETS		**111**	**92**
TANGIBLE FIXED ASSETS			
Improvement expenses for third-party properties	10	1	1
Equipment and transportation	12	13	7
TOTAL TANGIBLE FIXED ASSETS		**14**	**8**
FINANCIAL FIXED ASSETS			
Participation in Group companies	24	3,154	1,120
Receivables in Group companies	29	25	12
TOTAL FINANCIAL FIXED ASSETS		**3,179**	**1,132**
TOTAL FIXED ASSETS		**3,304**	**1,232**
CURRENT ASSETS			
INVENTORIES			
Goods for resale		0	1
TOTAL INVENTORIES		**0**	**1**
CURRENT RECEIVABLES			
Accounts receivable		21	14
Receivables in Group companies	29	789	690
Tax assets		48	-
Other receivables		2	2
Prepaid expenses and accrued income	17	79	106
TOTAL CURRENT RECEIVABLES		**939**	**812**
Cash and cash equivalents	18	0	1
TOTAL CURRENT ASSETS		**939**	**814**
TOTAL ASSETS		**4,243**	**2,046**

Balance sheet

SEK M	Note	31 Dec. 2012	31 Dec. 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
RESTRICTED SHAREHOLDERS' EQUITY			
Share capital, 35,901,487 (32,814,605) shares		90	82
Statutory reserve		3	3
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**93**	**85**
NON-RESTRICTED SHAREHOLDERS' EQUITY			
Fund at fair value		-1	-
Share premium reserve		651	462
Profit brought forward		940	450
Profit for the year		227	290
TOTAL NON-RESTRICTED SHAREHOLDERS' EQUITY		**1,817**	**1,202**
TOTAL SHAREHOLDERS' EQUITY		**1,910**	**1,287**
UNTAXED RESERVES		**178**	**159**
PROVISIONS	20	**1**	**2**
LONG-TERM LIABILITIES			
Liabilities to credit institutions	19	1,797	445
TOTAL LONG-TERM LIABILITIES		**1,797**	**445**
CURRENT LIABILITIES			
Liabilities to credit institutions	19	196	60
Accounts payable		14	22
Liabilities to Group companies	29	127	28
Tax liabilities		-	17
Other liabilities		2	8
Accrued expenses and deferred income	22	18	18
TOTAL CURRENT LIABILITIES		**357**	**153**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,243**	**2,046**
MEMORANDUM ITEMS			
Pledged assets	23	None	None
Contingent liabilities	23	**21**	**20**

Changes in shareholders' equity

Group

SEK M	Share capital	Other capital contributions	Translation reserve	Profit brought forward	Total attributable to Parent Company owners	Non-controlling interest	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2011	**77**	**343**	**-16**	**551**	**955**	**19**	**974**
Comprehensive income for the year							
Profit for the year				370	370	10	380
Other comprehensive income							
- Translation difference pertaining to foreign operations			16		16	0	16
- Actuarial profits and losses				1	1	-	1
Total other comprehensive income			***16***	***1***	***17***	***0***	***17***
COMPREHENSIVE INCOME FOR THE YEAR			**16**	**371**	**387**	**10**	**397**
Dividends				-263	-263	-13	-276
New share issue	5	462			467		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**
OPENING BALANCE ON 1 JANUARY 2012	**82**	**805**	**0**	**652**	**1,539**	**17**	**1,556**
Comprehensive income for the year							
Profit for the year				375	375	7	382
Other comprehensive income							
- Translation difference pertaining to foreign operations			4		4	0	4
- Actuarial profits and losses				-6	-6	0	-6
Total other comprehensive income			***4***	***-6***	***-2***	***0***	***-2***
COMPREHENSIVE INCOME FOR THE YEAR			**4**	**369**	**373**	**7**	**380**
Dividends				-263	-263	-12	-275
New share issue	8	651			659		659
Acquisition/divestment of non-controlling interest				-5	-5	1	-4
CLOSING BALANCE ON 31 DECEMBER 2012	**90**	**1,456**	**4**	**753**	**2,303**	**13**	**2,316**

Parent company

SEK M	Share capital	Statutory reserve	Fond at fair value	Share Premium Reserve	Profit brought forward	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2011	**77**	**3**	**-**	**-**	**713**	**793**
Profit for the year					290	290
COMPREHENSIVE INCOME FOR THE YEAR					**290**	**290**
Dividends					-263	-263
New share issue	5			462		467
CLOSING BALANCE ON 31 DECEMBER 2011	**82**	**3**	**-**	**462**	**740**	**1,287**
Profit for the year					227	227
Other comprehensive income						
- Exchange-rate difference, net investment in foreign operations			-1			-1
Total other comprehensive income/loss			***-1***		***0***	***-1***
COMPREHENSIVE INCOME/LOSS FOR THE YEAR			**-1**		**227**	**226**
Reversal according to appropriations of profits				-462	462	0
Dividends					-263	-263
New share issue	8			651	0	659
CLOSING BALANCE ON 31 DECEMBER 2012	**90**	**3**	**-1**	**651**	**1,167**	**1,910**

The number of shares as at 31 December 2012 amounted to 35,901,487 (32,814,605) with a quotient value of SEK 2.50 (2.50) per share.

NOTE 1 Accounting policies

ACCOUNTING AND MEASUREMENT POLICIES

The most important accounting policies that were applied during the preparation of these consolidated accounts are stated below. These policies were consistently applied for all years presented, unless otherwise stated.

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 that apply for years beginning with 1 January 2012 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.

Preparing reports in accordance with IFRS requires the use of certain key estimates for accounting purposes. Furthermore, management is required to make certain assessments in the application of the consolidated accounting policies. The areas that include a high degree of complicated assessments or areas where assumptions and estimates are materially significant to the consolidated accounts are stated in Note 3.

Amended accounting policies 2012

None of the IFRS interpretations that are mandatory for the first time for the financial year beginning on 1 January 2012 had any significant impact on the Mekonomen Group's financial reports for 2012.

Amended accounting policies 2013 and later

A number of new standards and amendments of interpretations and existing standards gained legal force in the financial year commencing after 1 January 2012 and were not applied in the preparation of the consolidated financial reports. The most important amendments for Mekonomen are:

IAS 19 "Remunerations to employees" was revised in June 2011. Costs for service in previous years will be recognised immediately. Interest expense and anticipated return on plan assets will be replaced by a net interest calculated using the discount interest rate, based on the net surplus or net deficit in the defined-benefit plan. The Group intends to apply IAS 19 for the financial year commencing on 1 January 2013. The amendment has been deemed to only have negligible impact on the Group's profits and position.

IFRS 9 "Financial instruments" covers classifications, measurements and recognition of financial liabilities and assets. IFRS 9 was issued in November 2009 for financial assets and in October 2010 for financial liabilities and replaces the sections in IAS 39 that are related to classification and measurement of financial instruments. IFRS 9 stipulates that financial assets must be classified in two different categories; measurement at fair value or measurement at amortised cost. Classification is established on the first accounting occasion based on the company's business model, as well as the characteristic properties in the contractual cash flows. There were no major changes in financial liabilities compared with IAS 39. The most significant change pertains to liabilities identified at fair value. For these, the portion of the fair value change that is attributable to the internal credit risk must be recognised in other comprehensive income/loss instead of profit/loss unless it does not result in an accounting mismatch. The Group will evaluate the effects of the remaining phases in IFRS 9 when they have been concluded by the IASB. IFRS 9 will be applied for financial years commencing 1 January 2015 or later.

Other new standards, amendments or interpretations of existing standards that have not gained legal force are not relevant to the Group at present or deemed to have any material effect on the Group's profits or financial position.

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. Profits or losses from divestments to non-controlling interests are also recognised in shareholders' equity.

When the Group no longer has controlling influence, each remaining holding is measured at fair value on the date controlling influence was lost. The change in the carrying amount is recognised in profit or loss. The fair value is used as the first carrying amount and is the basis for continued recognition of the remaining holding in associated companies, joint ventures or financial assets. All amounts pertaining to the divested unit previously recognised in Other comprehensive income will be recognised as though the Group directly divested the assets or liabilities in question. This may result in the reclassification of the amount earlier recognised in Other comprehensive income to earnings.

Cont. NOTE 1

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 balance-sheet date. Exchange-rate gains and losses that arise in connection with such translations are recognised in profit or loss as Other operating revenues 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 balance-sheet 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 balance-sheet date.

Segment reporting

Operating segments have been reported to correspond with the internal reporting that was submitted to the highest decision-making authority. The highest decision-making authority is the function responsible for the allocation of resources and assessing the results of the operating segments. In the Group, this function has been identified as the company's President and CEO.

To adapt segment reporting to the changed internal organisation and governance, a new segment division was implemented during the year. From the fourth quarter of 2012, the Group is now governed and reports from three segments, MECA, Mekonomen Norden and Sørensen og Balchen. According to this new segment distribution, the first reporting will be in 2012; comparative figures have been recalculated.

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 the wholesale operation in each Group company. Intra-Group sales are eliminated in the consolidated accounts.

Interest revenues are recognised on an accrued 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 the warehousing systems in the Group's centralised warehouse, 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 of 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. The most important actuarial assumptions are stated in Note 20. 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 due to the acquisition of Sørensen og Balchen in 2011 and MECA in 2012. Calculation and measurement according to the Projected Unit Credit Method was done on the date of acquisition and taken into account in each 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.

Cont. NOTE 1

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 is initially measured as the amount by which the total purchase consideration and fair value for the holding with no controlling interests exceeds the fair value of the identifiable acquired assets and liabilities taken over. Should the purchase consideration be lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit or loss. Goodwill has an indefinite useful period 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 to the company and the 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 attributable to the acquisitions of Sørensen og Balchen and MECA have been deemed to have an indefinite useful period and are recognised at cost less any accumulated impairment losses. Customer relations, other brands, franchise contracts and 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. Customer relations, other brands and franchise contracts are deemed to have a useful period of five to ten years.

IT investments are deemed to have a useful period of three to five years from the start of operation.

Tangible fixed assets

Tangible fixed assets are recognised as assets in the balance sheet 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 less 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 period. The following percentages were applied for depreciation:

FIXED ASSETS	Per cent
Improvement costs to third-party property*	5–10
Equipment	10–20
Vehicles	20
Servers	20
Workplace computers	33

*) Depreciation occurs over the shorter period corresponding to 10 per cent and the remaining duration of the contract.

The residual value of assets and the useful period are tested at the end of each reporting period and adjusted when necessary.

An asset's carrying amount is immediately depreciated to its recoverable amount if the asset's carrying amount exceeds its assessed recoverable value.

Gains and losses from divestments are established by comparing the sales revenue and the carrying amount and recognised net in profit or loss.

Impairment

Assets with an indefinite useful period, for example, goodwill and intangible assets that are not ready for use are not impaired but tested annually for any impairment requirements. The brands that were added through the acquisitions of Sørensen og Balchen and MECA have been deemed to have indefinite useful periods, which is why these are also tested annually for any impairment requirements. Assets depreciated or amortised are measured in terms of value decline whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this occurs, a calculation of the assets 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 made to the asset's recoverable value. The impairment is recognised in profit or loss in the period it is determined.

Refer also to Note 13 for information on how impairment testing 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.

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 Group's centralised warehouse 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.

Cont. NOTE 1

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 receivable

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 resulted 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, Accounting for 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 2012

During 2012, the Swedish Financial Reporting Board issued a new version of the RFR 2 Accounting for Legal Entities. The amendments include new policies pertaining to recognition of Group contributions. The Board has introduced a principal rule and an alternative rule for recognising Group contributions. Mekonomen has decided to apply the alternative rule in advance, which means that all Group contributions, both paid and received, will be recognised as appropriations. The comparative year 2011 has been reclassified.

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 considerations are 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.

Cont. NOTE 1

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 22 per cent is regarded as deferred tax liabilities and 78 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.

Group contributions are recognised according to the alternative rule, entailing that all Group contributions, both paid and received, will be recognised as appropriations.

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 of 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

Operating segments have been reported to correspond with the internal reporting that was submitted to the highest decision-making authority. The highest decision-making authority is the function responsible for the allocation of resources and assessing the results of the operating segments. In the Group, this function has been identified as the company's President and CEO.

Mekonomen's expansion in recent years generated the need for a change in organisation and control. Consequently, in 2012, a new operating unit, Mekonomen Norden, was formed whereby all operations included in the original Mekonomen's stores, workshops, administration functions and warehouse operations, excluding Denmark, are collected. Group management now has three Group companies, Mekonomen Norden, Sørensen og Balchen and MECA, which are governed in a similar manner, through the Board of Directors.

The Group companies have separate organisations that act independently in the market with individual brands, competition between themselves and governed through Boards of Directors. Since 1 October 2012, the operation in Denmark has been included in the MECA Group and is now called MECA Denmark.

The highest decision-making authority monitors the operation based on this distribution. The new organisation and the amended internal governance have resulted in a new segment division with the three segments: MECA, Mekonomen Norden and Sørensen og Balchen.

Reporting according to the new segment distribution will occur for the first time in 2012, comparative figures have been recalculated.

MECA represents a new segment for the Group in 2012 and the information presented pertaining to MECA Scandinavia applies to the 23 May – 31 December 2012 period.

MECA Scandinavia was acquired on 23 May 2012, which is why the comparative figures for 2011 only pertain to MECA Denmark (formerly Mekonomen Denmark).

Mekonomen Norden includes the previous segments Mekonomen Sweden, Mekonomen Norway and parts of Others comprising Mekonomen Fleet, Speedy, Marinshopen, Mekonomen Finland, Mekonomen BilLivet, as well as administrative functions for Mekonomen Norden AB.

Others comprise Mekonomen AB, as well as Group-wide and eliminations. Mekonomen AB, including previous administrative functions such as IT, product divisions, etc., is governed by Mekonomen Norden from 1 October 2012. Group management, finance management and M by Mekonomen still report under Mekonomen AB.

The CEO assesses the results of the operating segments at an EBIT level. Financial items are not distributed in segments since they are impacted by measures implemented by central finance management.

Cont. NOTE 2

	MECA*		Mekonomen Norden		Sørensen og Balchen**		Other		Group	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
REVENUES										
External net sales	1,702	759	2,830	2,766	748	603	12	13	5,292	4,140
Internal revenues	5	11	298	335	8	6	-311	-352	0	0
Other revenues	19	0	68	63	7	4	40	30	134	97
TOTAL REVENUES	**1,726**	**770**	**3,196**	**3,164**	**763**	**613**	**-259**	**-309**	**5,426**	**4,237**
EBIT	**92**	**63**	**376**	**438**	**78**	**88**	**-18**	**-53**	**528**	**536**
Financial items, net									-54	-13
PROFIT BEFORE TAX									**474**	**523**
Assets	3,081	448	1,838	1,833	1,168	1,057	-378	-284	5,708	3,054
TOTAL ASSETS	**3,081**	**448**	**1,838**	**1,833**	**1,168**	**1,057**	**-378**	**-284**	**5,708**	**3,054**
Liabilities	547	216	1,470	1,327	125	79	1,250	-124	3,392	1,498
TOTAL LIABILITIES	**547**	**216**	**1,470**	**1,327**	**125**	**79**	**1,250**	**-124**	**3,392**	**1,498**
Investments, tangible assets	21	27	55	63	4	4			80	95
Investments, IT systems	10		32	39					42	39
Depreciation (tangible assets)	20	12	47	41	6	5			73	58
Amortisation (intangible assets) ***	41		14	10	19	15			74	25
Average number of employees for the period	780	392	1,341	1,343	268	208	16	15	2,405	1,958
Number of own stores	108	40	156	154	36	35	1	1	301	230
Number of partnership stores	30	14	48	48	42	42	0	0	120	104
NUMBER OF STORES IN THE CHAIN	**138**	**54**	**204**	**202**	**78**	**77**	**1**	**1**	**421**	**334**
KEY FIGURES										
EBIT margin, %****	5	8	13	16	10	15			10	13
Sales increase, %****	124	-2	2	7	24	-			28	23
Sales/employee, SEK 000s (converted into one-year balance)	2,213	1,964	2,383	2,356	2,847	2,947			2,256	2,164
Operating profit/loss per employee, SEK 000s (converted into one-year balance)	118	161	280	326	291	423			220	274

*) All comparative figures for 2011 pertain to MECA Denmark. Sales and revenue for 2012 include MECA Scandinavia for the period 23 May – 31 December.
**) Sales and revenue for comparative year 2011 pertain to the 11 March – 31 December 2011 period.
***) Including amortisation of acquisition-related intangible assets.
****) When calculating EBIT margin and sales increase for the segment, internal sales were excluded.

Sales between segments occur on market-based terms and conditions. Revenue from external customers that is reported to Group management is measured in the same manner as in the income statement.

The amounts reported to the CEO pertaining to total assets and liabilities are measured in the same manner as in the annual report. These assets and liabilities are distributed based on the segment operation.

Net sales from external customers derived primarily from the sale of goods, representing approximately 97 per cent (97) of the net sales. The remaining net sales derived from workshop services, as well as annual and license fees to affiliated stores and workshops.

Net sales derived from the sale of goods from external customers are distributed according to the following customer groups:

ANALYSIS OF NET SALES BY CUSTOMER GROUPS, %	2012	2011
- Consumers via stores	28%	33%
- Consumers via workshops	31%	30%
- Other workshops	41%	37%
TOTAL	**100%**	**100%**

The company has its registered office in Sweden. The distribution of revenue from external customers in Sweden and other geographic markets is presented in the table below:

NET SALES	2012	2011
Sweden	2,534	1,968
Norway	2,040	1,411
Denmark	702	759
Other	16	2
TOTAL	**5,292**	**4,140**

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

All fixed assets, other than financial instruments and deferred tax assets (there are no assets in connection with benefits after terminated employment or rights according to insurance agreements), located in Sweden amounted to SEK 2,350 M (475) and the total of such fixed assets located in other countries amounted to SEK 1,117 M (943), of which SEK 962 M (824) in Norway and SEK 146 M (116) in Denmark.

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 2012 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

When assessing the impairment requirement for goodwill and other intangible assets with an indefinite useful period, the carrying amount must be compared with the recoverable amount. The recoverable amount is the highest of an asset's net selling price and the value in use. Since there are normally no listed prices that may be used to assess the net selling price of an asset, the value in use will normally be the value that is used to compare with the carrying amount. Calculation of the value in use is based on assumptions and assessments. Key assumptions are the future trends for revenue and margins, including trends for prices and volumes, utilisation of operating capital employed, as well as yield requirements, which are used to discount future cash flows. These assumptions are described in more detail in Note 13 Intangible fixed assets. On the whole, this means that the measurement of goodwill and intangible assets items with an indefinite useful period is subject to significant appreciations and assessments.

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, franchise contracts, 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 on 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 identifiable assets and liabilities in acquisition assessments is subject to important appreciations and assessments.

RESERVES FOR INVENTORIES, DOUBTFUL ACCOUNTS RECEIVABLE AND GUARANTEE COMMITMENTS

The Group operates in several geographic markets, with sales to consumers and companies and with a wide range to many different customer groups. In order to satisfy customers' needs, there must be a sufficiently large inventory of products and also various types of guarantees that the products function as they should. With this type of operation that is conducted within the Group, there is a risk of customer loss and that some of the Group's stocked products cannot be sold at their carrying amounts, and also the risk that the company has guarantee commitments that extend further than the reserves for these commitments. The Group has established policies for reserves for accounts receivable, obsolescence provisions and provisions for sureties. These policies per se are appreciations of historic outcome and evaluated continuously to ensure that they correspond to actual outcome in terms of customer losses, obsolescence and guarantee commitments.

NOTE 4 Audit expenses

	Group		Parent Company	
	2012	2011	**2012**	2011
DELOITTE				
Audit assignment	7	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	**7**	**6**	**1**	**1**

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

	2012		2011	
AVERAGE NUMBER OF EMPLOYEES	No. of employees	Of whom, men %	No. of employees	Of whom, men %
PARENT COMPANY				
Sweden	68	76	76	75
TOTAL IN PARENT COMPANY	**68**	**76**	**76**	**75**
SUBSIDIARIES				
Sweden	1,219	83	1,000	80
Denmark	404	84	392	84
Norway	690	82	475	85
Finland	24	83	15	80
TOTAL IN SUBSIDIARIES	**2,337**	**82**	**1,882**	**82**
GROUP TOTAL	**2,405**	**82**	**1,958**	**82**

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	46,823	22,847	46,362	21,396
		(6,121)		(5,325)
Subsidiaries	918,570	225,548	722,748	170,952
		(56,018)		(37,942)
GROUP TOTAL	**965,393**	**248,395**	**769,110**	**192,348**
		(62,139)		**(43,267)**

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	7,396	39,427	7,786	38,576
	(270)	(952)	(1,200)	(1,032)
TOTAL IN PARENT COMPANY	**7,396**	**39,427**	**7,786**	**38,576**
	(270)	**(952)**	**(1,200)**	**(1,032)**
SUBSIDIARIES IN SWEDEN	29,971	371,387	26,568	312,871
	(2,407)	(1,330)	(2,719)	(2,517)
SUBSIDIARIES ABROAD				
Denmark	2,042	165,786	1,796	149,130
	(0)	(0)	(53)	(0)
Norway	23,083	320,143	22,682	205,399
	(198)	(1,679)	(1,688)	(2,787)
Finland		6,158		4,302
	(0)	(0)	(-)	(-)
TOTAL IN SUBSIDIARIES	**55,096**	**863,474**	**51,046**	**671,702**
	(2,605)	**(3,009)**	**(4,460)**	**(5,304)**
GROUP TOTAL	**62,492**	**902,901**	**58,832**	**710,278**
	(2,875)	**(3,961)**	**(5,660)**	**(6,336)**

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

Cont. NOTE 5

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 (1,700,000) was established in accordance with the resolution of the 2012 Annual General Meeting. From this, SEK 400,000 (400,000) represents fees to the Chairman of the Board and SEK 300,000 (300,000) to the Vice Chairman, as well as SEK 200,000 (200,000) 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 460,000 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 2012 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 severance pay. 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 of 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 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 or 31 December 2012 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 2012 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 3 M (2). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2012, Alecta's surplus, in the form of the collective consolidation level, amounted to 129 per cent (113). 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. In addition to the above-mentioned defined-benefit plans via Alecta, additional defined-benefit pension plans have been introduced to the Group as a result of the acquisition of Sørensen og Balchen in 2011 and MECA in 2012. These pension commitments pertain to employees in the subsidiary in Norway.

EXECUTIVES/OCCUPATION CATEGORY, SEK 000s	Basic salary ** 2012 (2011)	Bonus 2012 (2011)	Board fees 2012 (2011)	Other benefits 2012 (2011)	Pension premiums 2012 (2011)
Fredrik Persson, Chairman of the Board			400 (400)		
Marcus Storch, Vice Chairman of the Board			300 (300)		
Antonia Ax:son Johnson, Board member			200 (200)		
Kenny Bräck, Board member			200 (200)		
Anders G Carlberg, Board member			200 (200)		
Wolff Huber, Board member			200 (200)		
Helena Skåntorp, Board member			200 (200)		
President	5,426 (4,886)	270 (1,200)		81 (71)	1,543 (1,370)
Other senior executives, 4 (8)*	11,739 (11,725)	1,313 (1,612)		638 (818)	2,360 (2,243)
TOTAL	**17,165 (16,611)**	**1,583 (2,812)**	**1,700 (1,700)**	**719 (889)**	**3,903 (3,613)**

*) The composition of management group changed during the year. From 8 November 2012, the management group consists of four individuals, in addition to the President. The average number of individuals in the management group, in addition to the President, was about seven in 2012.

**) The basic salary in this table includes holiday bonus.

Of all the company's senior executives, one is a woman. The number of senior executives is five, who also comprised the Group's management team. In addition to the President, they are the Executive Vice President, the CFO, the International Business Director and the Head of business establishment.

NOTE 6 Depreciation/amortisation of tangible and intangible fixed assets

	Group		Parent Company	
	2012	2011	**2012**	2011
Planned depreciation of tangible fixed assets	73	58	4	4
Amortisation, brands	1	1	-	-
Amortisation customer relationships	49	11	-	-
Amortisation franchise contracts	5	4	-	-
Amortisation of capitalised expenditure for IT systems	18	9	13	9
TOTAL	**147**	**83**	**17**	**13**

NOTE 7 Appropriations

	Parent Company	
	2012	2011
Group contributions received/paid, net	179	228
Changes in tax allocation reserve	-5	-
Changes in excess depreciation/amortisation	-14	-13
Total	**160**	**215**

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

	Group		Parent Company	
NET PROFIT/NET LOSS	**2012**	2011	**2012**	2011
Of which, financial instruments categorised as:				
Holdings for trading, derivatives	-1	1	0	0
Accounts receivable, impairments	-31	-5	-1	0

NOTE 9 Tax on profit for the year

	Group		Parent Company	
CURRENT TAX	**2012**	2011	**2012**	2011
Sweden	-47	-75	-28	-53
Other countries	-80	-77		
TOTAL CURRENT TAX	**-127**	**-152**	**-28**	**-53**
Changes in deferred tax temporary differences	35	9		
RECOGNISED TAX EXPENSES	**-92**	**-143**	**-28**	**-53**
TAX ON PROFIT FOR THE YEAR				
Recognised profit before tax	474	523	255	343
Tax according to applicable tax rate	-129	-139	-67	-90
Tax on standard interest on tax allocation reserves	0	-1	0	-1
Tax effects on expenses that are not tax deductible				
Other non-deductible expenses	-8	-7	-1	-1
Other non-taxable revenue	0	1	40	39
Effects on adjustments from the preceding year	0	3	-	-
Effects on non-capitalised loss-carry forward	8	-	-	-
Effects on changes in the Swedish tax rate	36	-	-	-
RECOGNISED TAX EXPENSES	**-92**	**-143**	**-28**	**-53**

NOTE 10 Improvement costs on third-party property

	Group		Parent Company	
	2012	2011	**2012**	2011
OPENING ACCUMULATED COST, 1 JANUARY	**53**	**32**	**2**	**2**
Purchase, rebuilding and extensions, conversions	15	21	0	0
Translation difference, currency	0	0	-	-
CLOSING ACCUMULATED COST, 31 DECEMBER	**68**	**53**	**2**	**2**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY	**-12**	**-5**	**-1**	**0**
Depreciation for the year	-9	-7	0	-1
Translation difference, currency	0	0	-	-
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**-21**	**-12**	**-1**	**-1**
CLOSING CARRYING AMOUNT 31 DECEMBER	**48**	**41**	**1**	**1**

NOTE 11 Classification of financial assets and liabilities

Classification of financial assets and liabilities, 31 Dec 2012	Loan receivables and accounts receivables	Other liabilities	Derivative instruments	Non-financial assets/liabilities	Total
	Amortised cost	Amortised cost	Fair value		
ASSETS					
Intangible fixed assets	-	-	-	3,086	3,086
Tangible fixed assets	-	-	-	287	287
Deposits paid	7	-	-	-	7
Hire-purchase contract	86	-	-	-	86
Other financial fixed assets	1	-	-	-	1
Inventories	-	-	-	1,203	1,203
Accounts receivables	495	-	-	-	495
Other current receivables	-	-	-	93	93
Other assets (derivatives)	-	-	0	-	0
Prepaid expenses and accrued income	-	-	-	209	209
Cash and cash equivalents	241	-	-	-	241
TOTAL ASSETS	**830**	**0**	**0**	**4,878**	**5,708**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	-	-	-	2,316	2,316
Provisions	-	-	-	20	20
Long-term liabilities to credit institutions	-	1,809	-	-	1,809
Deferred tax liabilities	-	-	-	230	230
Current liabilities	-	-	-	88	88
Current liabilities to credit institutions	-	296	-	-	296
Accounts payable	-	552	-	-	552
Current tax liabilities	-	-	-	87	87
Other liabilities (derivatives)	-	-	0	-	0
Accrued expenses and deferred income	-	-	-	310	310
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**0**	**2,657**	**0**	**3,051**	**5,708**

Classification of financial assets and liabilities, 31 Dec 2011	Loan receivables and accounts receivables	Other liabilities	Derivative instruments	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	-	-	-	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	-	0
Accrued expenses and deferred income	-	-	-	209	209
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**0**	**1,085**	**0**	**1,970**	**3,054**

NOTE 12 Equipment and transportation

	Equipment and transport Group		Financial leasing Group		Total Group	
	2012	2011	**2012**	2011	**2012**	2011
OPENING ACCUMULATED COST, 1 JANUARY	**488**	**404**	**33**	**29**	**521**	**433**
Purchases	65	74	4	**4**	**69**	**78**
Purchase in connection with acquired operation	22	32	26	**-**	**48**	**32**
Sales/disposals	-41	-21	-	**-**	**-41**	**-21**
Translation difference, currency	-2	-1	-	**-**	**-2**	**-1**
CLOSING ACCUMULATED COST, 31 DECEMBER	**532**	**488**	**63**	**33**	**595**	**521**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY	**-297**	**-265**	**-30**	**-26**	**-327**	**-291**
Sales/disposals	35	14	-	-	35	14
Depreciation for the year	-58	-47	-6	-4	-64	-51
Translation difference, currency	0	1	0	-	0	1
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**-320**	**-297**	**-36**	**-30**	**-356**	**-327**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**212**	**191**	**27**	**3**	**239**	**194**

OPERATIONAL LEASING CONTRACTS

Operational leasing contracts pertain primarily to leased premises.

	Group		Parent Company	
Information about leasing expenses, operational leasing	**2012**	2011	**2012**	2011
Rent for premises	326	224	8	8
Leasing expenses, other	33	22	3	2

	Group		Parent Company	
Future leasing fees for irrevocable leasing contracts falling due for payment:	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Within one year	336	224	11	7
Later than one year but within five years	999	593	9	14
After five years	475	216	-	-
TOTAL	**1,810**	**1,033**	**20**	**21**

Of the future leasing fees, leased premises represent SEK 1,776 M (1,013) for the Group and SEK 10 M (16) for the Parent Company.

	Parent Company	
EQUIPMENT AND TRANSPORT	**2012**	2011
OPENING COST, 1 JANUARY	**48**	**47**
Purchases	10	2
Sales/disposals	–24	-1
CLOSING ACCUMULATED COST, 31 DECEMBER	**34**	**48**
OPENING DEPRECIATION, 1 JANUARY	**–41**	**–38**
Sales/disposals	24	0
Depreciation for the year	–4	–3
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER	**–21**	**–41**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**13**	**7**

NOTE 13 Intangible fixed assets

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
OPENING ACCUMULATED COST, 1 JANUARY	**789**	**281**	**64**	**5**	**48**	**-**	**139**	**-**	**123**	**84**	**1,163**	**370**
Acquisitions	-	-	-	-	-	-	-	-	42	39	42	39
Acquisitions through purchasing	1,109	500	270	57	-	47	600	136	15	-	1,994	740
Divestments	-	-	-3	-	-	-	-	-	-	-	-3	-
Translation differences, currency	5	8	1	1	1	1	2	3	-	-	9	13
CLOSING ACCUMULATED COST, 31 DECEMBER	**1,903**	**789**	**332**	**64**	**49**	**48**	**741**	**139**	**180**	**123**	**3,205**	**1,163**
OPENING ACCUMULATED AMORTISATION, 1 JANUARY	**-**	**-**	**-1**	**-**	**-4**	**-**	**-11**	**-**	**-31**	**-22**	**-47**	**-22**
Divestments	-	-	1	-	-	-	-	-	-		1	-
Amortisation for the year	-	-	-1	-1	-5	-4	-49	-11	-18	-9	-74	-25
Translation differences, currency	-	-	0	0	0	0	0	0	-	-	-	-
CLOSING ACCUMULATED AMORTISATION, 31 DECEMBER	**-**	**-**	**-1**	**-1**	**-9**	**-4**	**-60**	**-11**	**-49**	**-31**	**-120**	**-47**
CLOSING CARRYING AMOUNT, 31 DECEMBER	**1,903**	**789**	**331**	**63**	**40**	**44**	**681**	**128**	**131**	**92**	**3,086**	**1,116**

The carrying amounts of the intangible fixed assets are distributed according to the following operating segments:

	Goodwill		Brands		Franchise contracts		Customer relations		IT investments		Total	
Carrying amount for operating segment for	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
MECA	1,117	22	270	-	-	-	565	-	20	-	1,972	22
Mekonomen Norden	322	309	3	5	-	-	-	-	111	92	436	406
Sørensen og Balchen	464	458	58	58	40	44	116	128	-	-	678	688
CLOSING CARRYING AMOUNT, 31 DECEMBER	**1,903**	**789**	**331**	**63**	**40**	**44**	**681**	**128**	**131**	**92**	**3,086**	**1,116**

Testing of impairment requirement for goodwill and other intangible assets with indefinite useful period

Goodwill is distributed among the Group's cash-generating units (CGU) identified by operating segments. In addition to goodwill, the Group also has acquired brands that have been deemed to have an indefinite useful period. The useful period is deemed indefinite when it pertains to well-established brands in their individual markets, which the Group intends to retain and further develop. The brands that have been identified and evaluated pertain to the acquisition of MECA in 2012 and the acquisition of Sørensen og Balchen in 2011, with the associated BilXtra brand. Other brands are amortised and their carrying amount at the end of the year was SEK 3 M (5). A summary of goodwill and brands with indefinite useful period at operating segment level is shown in the table below:

		Goodwill		Brands (indefinite useful period)	
Operating segment	**Test level CGU**	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
MECA	MECA Scandinavia	1,091	-	270	-
	MECA Denmark	26	22	-	-
	Operating segment	**1,117**	**22**	**270**	**-**
Mekonomen Norden	Sweden	261	249	-	-
	Norway	61	60	-	-
	Finland	-	-	-	-
	Operating segment	**322**	**309**	-	-
Sørensen og Balchen	**Operating segment**	**464**	**458**	**58**	**58**
	Total	**1,903**	**789**	**328**	**58**

Cont. NOTE 13

Testing impairment requirements for goodwill and other intangible assets with indefinite useful period occurs in the fourth quarter annually or more frequently if there are indications of value depreciation. The recoverable amount for a cash-generating unit is established based on calculations of the value in use. The value in use is the present value of the estimated future cash flows.

Cash-flow forecasts are based on an assessment of the anticipated growth rate and the trend of the EBITDA margin (operating margin before depreciation/amortisation and impairment of tangible and intangible assets), based on the budget that was adopted in November for the next year, forecasts for the next three years, management's long-term expectations for the operation, as well as the historic trend. The cash-flow forecasts for the second to fourth years are based on an annual growth rate of 3 per cent (2-5). Cash flows beyond this four-year period were extrapolated using an assessed growth rate of 3 per cent (2 per cent in the preceding year, with the exception of Sørensen og Balchen, where 2.5 per cent applied).

Calculated value in use is most sensitive to changes in assumptions for growth-rate, EBITDA margin and the relevant discount rate (WACC, Weigthed Average Cost of Capital), which is used to discount future cash flows. The significant assumptions used to calculate the value in use for 2012 and 2011, respectively, were summarised as follows:

	31 Dec 2012	31 Dec 2011
Discount rate (WACC) before tax	10.3%	13.6%
Discount rate (WACC) after tax	8.1%	10.0%
Growth rate beyond the forecast period [1)]	3.0%	2.0%
Total price and volume trend	3.0%	2-5%

[1)] Growth rate beyond the forecast period for Sørensen og Balchen was deemed to be 2.5 per cent as at 31 December 2011.

Discount rate (WACC)

The present value of the forecasted cash flows was calculated by applying a discount rate of 8.1 per cent (10) after tax, corresponding to a discount rate before tax of approximately 10.3 per cent (13.6). When calculating the discount rate, the Swedish corporate tax of 22 per cent was used for all operating segments, while the weigthed tax rate was applied when calculating the present value for each unit. 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.

The discount rate corresponds to Mekonomen's assessed average cost of capital, meaning the weigthed total of required return on shareholders' equity and costs for externally raised capital. The required return on shareholders' equity is based on the assumption of a risk-free interest rate of 1.15 per cent (2.40), market-based risk premium of 7.0 per cent (7.0) and a so-called beta value of 1.0 (1.0), as well as a company-specific risk premium of 4.0 per cent (6.0). The beta value depicts the connection between the price of the Mekonomen share and changes in the comparative index. The debt/equity ratio was assumed to be 44 per cent (44). The change in the discount rate between 2012 and 2011 was primarily due to the change in management's assessment that the company-specific risk premium had decreased and the reduction of the risk-free interest rate.

Growth rate

The growth rate does not exceed the long-term growth rate for the markets in which each cash-generating unit is active.

Total price and volume trend

In the event of a change, assumptions about future price and volume trends have major impact on the cash flow. In plans that are used as the basis for the cash flows, management assumes that the price trend will only amount to a few per cent per year. The volume trend is calculated to be 3.0 per cent annually until 2016, meaning a more cautious assumption than Mekonomen's target of 10 per cent growth. Assessments are made taking into account earlier experience and external information sources.

Margin trend

It has been assumed that the gross margin will remain at a current and historic level throughout the forecast period, which is a cautious assessment, where the anticipated additional synergy effects from the MECA acquisition have not been included. With respect to the operations' other costs, it is assumed that these will follow the same growth rate as revenue, except for MECA Denmark, where measures implemented are expected to reduce other costs.

Sensitivity analysis

An increase in the discount rate by 2 percentage points, a reduction in the assumed long-term growth rate by 2 percentage points or a decrease in the EBITDA margin by 2 percentage points would individually result in no impairment requirement arising.

According to implemented impairment-requirement testing, there are no impairment requirements for goodwill or other intangible assets with an indefinite useful period as at 31 December 2012.

	Parent Company	
IT INVESTMENTS	**2012**	2011
OPENING COST	**123**	**84**
Purchases	32	39
Sales/disposals	-	-
CLOSING ACCUMULATED COST	**155**	**123**
OPENING AMORTISATION	**-31**	**-22**
Sales/disposals	-	-
Amortisation for the year	-13	-9
CLOSING ACCUMULATED AMORTISATION	**-44**	**-31**
CLOSING CARRYING AMOUNT	**111**	**92**

NOTE 14 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and tax liabilities and when deferred taxes pertain to the same tax authority. The net carrying amounts are as follows:

DEFERRED TAX ASSETS (+) /TAX LIABILITIES (-), NET	Group	
	31 Dec 2012	31 Dec 2011
Untaxed reserves	-49	-48
Surplus value in fixed assets (through acquisition)	-244	-60
Temporary differences on reversed net asset goodwill	-19	-20
Temporary differences on inter-company profits	57	48
Temporary differences on pension commitments	3	0
Temporary differences, other	22	27
TOTAL	**-230**	**-53**

GROSS CHANGE IN DEFERRED TAX ASSETS /TAX LIABILITIES	Group	
	2012	2011
Opening balance	-53	-18
Translation difference, currency	-4	-1
Acquisition of subsidiaries	-208	-43
Recognition in profit or loss	35	9
Tax on recognition in the comprehensive income	2	0
AT THE END OF THE YEAR	**-230**	**-53**

Taxable loss-carry forward

At the end of the financial year, tax loss-carry forwards amounted to SEK 0 M (0) in the Parent Company and SEK 21 M (10) in the Group. All loss-carry forwards have no deadlines. Deferred tax assets pertaining to tax loss-carry forwards in the Group amounted to SEK 0 M (1) on the balance-sheet date. The deferred tax asset on the remaining deficit was not assigned a value in the balance sheet.

NOTE 15 Other long-term receivables

	Group	
	31 Dec 2012	31 Dec 2011
Rental deposits paid	7	7
Hire-purchase contract	86	59
Other receivables	1	1
TOTAL	**94**	**67**

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

NOTE 16 Current receivables

	Group	
	31 Dec 2012	31 Dec 2011
Accounts receivables	495	411
Tax assets	57	0
Other receivables	36	26
Prepaid expenses and accrued income	209	199
TOTAL	**797**	**636**

ACCOUNTS RECEIVABLE	Group	
	31 Dec 2012	31 Dec 2011
Accounts receivable	543	437
Provisions for bad debts	-48	-26
TOTAL	**495**	**411**

PROVISIONS FOR BAD DEBTS	Group	
	2012	2011
Provision for bad debts at the beginning of the year	-26	-21
Incurred through acquisition	-3	-4
Net change in provision	-31	-5
Recovered prior impairment losses	12	4
TOTAL	**-48**	**-26**

RECEIVABLES THAT ARE DUE BUT NOT IMPAIRED	Group	
	31 Dec 2012	31 Dec 2011
Accounts receivable		
Receivables due between 0–30 days	58	50
Receivables due between 31–60 days	5	12
Receivables due longer than 61 days	6	13
TOTAL	**69**	**75**

Interest income on accounts receivable during the year was SEK 7 M (5).

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Prepaid rents	44	41	0	2
Prepaid leasing fees	1	0	-	-
Prepaid insurance	4	4	0	0
Accrued supplier bonus	107	92	69	84
Other interim receivables	53	62	10	20
TOTAL	**209**	**199**	**79**	**106**

NOTE 18 Cash and cash equivalents

	Group		Parent Company	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Cash and bank balances	241	67	0	1
TOTAL	**241**	**67**	**0**	**1**

NOTE 19 Liabilities to credit institutions

	Group		Parent Company	
Long-term	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Liabilities to credit institutions, bank borrowing	1,802	448	1,797	445
Liabilities to leasing companies	7	1	–	–
TOTAL LONG-TERM LIABILITIES, INTEREST-BEARING	**1,809**	**449**	**1,797**	**445**
Current	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Liabilities to credit institutions, bank borrowing	197	61	196	60
Overdraft facility	92	135	0	0
Liabilities to leasing companies	7	2	–	–
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**296**	**198**	**196**	**60**
TOTAL BORROWING	**2,105**	**647**	**1,993**	**505**
Overdraft facility limit	**417**	**277**	**417**	**277**
of which, unutilised portion	325	142	417	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 2–4 per cent interval.

The debt increase in 2012 was primarily attributable to the acquisition of MECA. In connection with the acquisition, management deemed that the financing of the cash portion of the acquisition totalling SEK 1,351 M, as well as an additional supplementary cash reserve, entailing loans totalling SEK 1,600 M would occur over a three-year period. This gave the Group optimum loan conditions, the lowest impact on earnings and sustainable manoeuvrability. The total loan amortisation amounts to SEK 196 M per year and management believes that the conditions are very good for financing the Group's future capital requirements including the refinancing of loans outstanding.

During the financial year, the Group's interest-bearing liabilities were amortised by a total of SEK 210 M, including a reduction in the utilised credit facilities.

Opening charges for the loans had a negative impact of SEK 7 M on other financial items for the financial year.

Due dates for total borrowing are as follows:

	Group		Parent Company	
Liabilities to credit institutions	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
1–12 months	296	198	196	60
1–2 years	272	63	271	60
2–3 years	1,537	386	1,526	385
TOTAL	**2,105**	**647**	**1,993**	**505**

Future interest payments were not included in the above duration analysis. 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 50 M (20) in 2012. Refer also to the sensitivity analysis pertaining to interest-rate risks in the sensitivity analysis section in the Administration Report and in Note 32. Existing overdraft facilities are in SEK, NOK, EUR and DKK. Other loans are entirely in SEK.

NOTE 20 Provisions

	Group		Parent Company	
	31 Dec 2012	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Provision guarantees for divested properties	1	2	1	2
Provision for other guarantees	5	-	-	-
Provision for pensions	10	2	-	-
Provisions for supplementary purchase considerations	4	5	-	-
TOTAL	**20**	**9**	**1**	**2**

GUARANTEES

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. This provision was reduced by SEK 1 M in 2009 and by SEK 1 M in 2012, and amounted to SEK 1 M at 31 December 2012. Mekonomen's guarantee commitment totalled SEK 22 M and the remaining SEK 21 M is recognised as a contingent liability in memorandum items.

PENSIONS

All pension commitments pertain to employees in the subsidiary in Norway. The most important actuarial assumptions used in calculating pension provisions are as follows:

	31 Dec 2012	31 Dec 2011
Discount rate	2.20%	3.30%
Anticipated future return on plan assets	3.60%	4.80%
Future salary increases	3.00%	3.50%
Future pension increases	0.10%	0.70%

The assumption pertaining to future service life is based on public statistics and experience from mortality surveys in the country concerned and used in consultation with actuarial experts.

The amounts recognised in the balance sheet have been calculated as follows:

	31 Dec 2012	31 Dec 2011
Present value of funded commitments	52	37
Fair value on plan assets	-42	-35
Deficit in funded plans	**10**	**2**
Present value in unfunded commitments	-	-
Net debt in the balance sheet	**10**	**2**

NOTE 21 Current liabilities

	Group	
	31 Dec 2012	31 Dec 2011
Overdraft facility	92	135
Short-term portion of bank borrowing	197	61
Liabilities to leasing companies	7	2
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**296**	**198**
Accounts payable	552	438
Other liabilities	88	60
Accrued expenses and deferred income	310	209
TOTAL CURRENT LIABILITIES, NON-INTEREST-BEARING	**950**	**707**

NOTE 23 Memorandum items

	Group		Parent Company	
PLEDGED ASSETS	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Chattel mortgages, other liabilities	17	-	-	-
TOTAL	**17**	**0**	**0**	**0**
CONTINGENT LIABILITIES				
Guarantee commitment, divested properties	21	20	21	20
Other sureties	1	-	-	-
TOTAL	**22**	**20**	**21**	**20**

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2012	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Accrued salaries	12	12	3	4
Accrued holiday pay	130	98	5	5
Accrued social security contributions	51	39	5	7
Accrued bonus /contract expense	57	28	-	-
Accrued interest expenses	5	1	5	1
Prepaid rental revenue	7	8	-	-
Other interim liabilities	48	23	0	1
TOTAL	**310**	**209**	**18**	**18**

NOTE 24 Participations in Group companies

	Parent Company	
	2012	2011
Opening cost	1,145	305
Acquisitions during the year	2,033	840
Closing accumulated cost	**3,179**	**1,145**
Opening impairments	-25	-25
Impairments	-	-
Closing accumulated impairments	**-25**	**-25**
Closing planned residual value	**3,154**	**1,120**

NAME OF COMPANY/REGISTERED OFFICE, SWEDEN	Corp. Reg. No.	Share of equity, %	No. of stores	Carrying amount, 31 Dec 2012	Carrying amount, 31 Dec 2011
MECA Scandinavia AB/Malmö	556218-3037	100		2,033	-
Mekonomen Norden AB/Stockholm	556724-9254	100		0	0
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 /Stockholm	556821-5981	100		0	0
Mekonomen Services AB/Stockholm	556840-9428	100		0	-
NAME OF COMPANY/REGISTERED OFFICE, FINLAND					
Mekonomen Oy/Helsinki	2259452-4	100		0	0
NAME OF COMPANY/REGISTERED OFFICE, DENMARK					
Mekonomen A/S/Odense	30 07 81 28	100	37	177	177
NAME OF COMPANY/REGISTERED OFFICE, NORWAY					
Mekonomen AS/Oslo	980 748 669	100		24	24
Sørensen og Balchen AS/Oslo	916 591 144	100		840	840
PARTICIPATIONS IN GROUP COMPANIES, TOTAL				**3,154**	**1,120**

Cont. NOTE 24

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
MECA			
MECA Car Parts AB/Malmö	556169-0412	100	-
MECA Sweden AB/Malmö	556356-5612	100	43
MECA Norway AS/Gjövik	935 682 525	100	24
			67
DENMARK			
Mekonomen Brønderslev ApS/Odense	34 05 53 86	51,25	1
Mekonomen Holbæk A/S/Odense	34 21 38 36	100	1
Mekonomen Kolding A/S/Odense	33 49 47 85	70	1
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	-
			4
FINLAND – MEKONOMEN NORDEN			
Mekonomen Viiki Oy/Helsinki	2359722-5	100	1
Mekonomen Tammisto Oy/Vantaa	2359731-3	100	1
Mekonomen Renkomäki Oy/Lahti	2429678-2	100	1
Mekonomen Levänen Oy/Kuopio	2462875-9	100	1
Mekonomen Grossist Oy/Vantaa	2445185-0	100	-
			4
SWEDEN – MEKONOMEN NORDEN			
Mekonomen Alingsås AB/Alingsås	556596-3690	95	1
Mekonomen Anderstorp AB/Anderstorp	556775-9849	100	0
Mekonomen Arvika AB/Arvika	556528-3750	80	3
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	2
Mekonomen Bromma AB/Stockholm	556230-5101	100	1
Mekonomen BV Härlöv AB/Kristianstad	556758-7646	100	0
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	0
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	0
Mekonomen Gävle AB/Gävle	556353-6803	91	1
Mekonomen Gothenburg Ringön AB/Gothenburg	556561-6751	100	0
Mekonomen Hedemora AB/Hedemora	556308-8011	91	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	0
Mekonomen Häggvik AB/Stockholm	556840-9410	100	1
Mekonomen Härnösand AB/Härnösand	556217-2261	80	1
Mekonomen Hässleholm AB/Hässleholm	556678-0622	91	1

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Högsbo AB/Gothenburg	556887-1999	51	1
Mekonomen Infra City AB/Stockholm	556840-4437	60	1
Mekonomen Järfälla AB/Stockholm	556660-3196	100	1
Mekonomen Jönköping AB/Jönköping	556237-5500	91	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
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 Kungsbacka AB/Kungsbacka	556887-2336	51	1
Mekonomen Landskrona AB/Landskrona	556646-4813	100	1
Mekonomen Lidköping AB/Lidköping	556761-3012	75	1
Mekonomen Linköping AB/Linköping	556202-9545	91	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	91	1
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	91	1
Mekonomen Mora AB/Mora	556363-2487	100	1
Mekonomen Motala AB/Motala	556311-8750	91	1
Mekonomen Märsta AB/Sigtuna	556596-3674	100	1
Mekonomen Mölndal AB/Mölndal	556887-2294	51	1
Mekonomen Nacka AB/Nacka	556204-0294	100	1
Mekonomen Norrköping AB/Norrköping	556376-2797	75	2
Mekonomen Norrtull AB/Stockholm	556821-6088	100	0
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	2
Mekonomen Piteå AB/Piteå	556659-8966	100	1
Mekonomen Ronneby AB/Ronneby	556649-9017	100	1
Mekonomen Sala AB/Sala	556882-0905	91	1
Mekonomen Sandviken AB/Sandviken	556201-1295	91	1
Mekonomen Segeltorp AB/Huddinge	556580-2351	100	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	0
Mekonomen Solna AB/Stockholm	556213-3073	100	1
Mekonomen Sundsvall Birsta AB/Sundsvall	556201-1675	91	1
Mekonomen Sundsvall Nacksta AB/Sundsvall	556777-4863	91	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
Mekonomen Torslanda AB/Gothenburg	556583-3893	91	2
Mekonomen Tranås AB/Tranås	556770-0041	100	1
Mekonomen Trollhättan AB/Trollhättan	556515-0298	91	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	0
Mekonomen Uppsala AB/Uppsala	556092-4218	100	2

Cont. NOTE 24

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Varberg AB/Varberg	556261-0161	75	1
Mekonomen Verkstadscenter Luleå AB/Luleå	556770-0033	100	0
Mekonomen Vetlanda AB/Vetlanda	556653-4219	91	1
Mekonomen Vilande Tjugo AB/Stockholm	556840-9444	100	0
Mekonomen Vimmerby AB/Vimmerby	556232-5877	91	1
Mekonomen Vårby AB/Huddinge	556594-1951	100	0
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	2
			117
SWEDEN – BilLivet – MEKONOMEN NORDEN			
Mekonomen BilLivet AB/Stockholm	556845-2196	100	-
Mekonomen BilLivet Akalla AB/Stockholm	556882-0772	100	-
Mekonomen BilLivet Bromma AB/Stockholm	556864-3455	100	-
Mekonomen BilLivet Gävle AB/Gävle	556864-3448	100	-
Mekonomen BilLivet Haninge AB/Stockholm	556882-0947	91	-
Mekonomen BilLivet Infra City AB/Stockholm	556864-3471	100	-
Mekonomen BilLivet Johanneshov AB/Stockholm	556882-0780	100	-
Mekonomen BilLivet Katrinelund AB/Malmö	556882-0954	91	-
Mekonomen BilLivet Sisjön AB/Gothenburg	556863-9909	91	-
Mekonomen BilLivet Högsbo AB/Gothenburg	556909-4906	91	-
Mekonomen BilLivet Södertälje AB/Stockholm	556882-0939	100	-
Mekonomen BilLivet Täby AB/Stockholm	556882-0962	91	-
Mekonomen BilLivet Backaplan AB/Gothenburg	556756-1146	91	-
Mekonomen BilLivet Gärdet AB/Stockholm	556821-6047	91	-
Promotor i Åkersberga AB/Åkersberga	556819-5019	70	-
			0
NORWAY – MEKONOMEN NORDEN			
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

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Sandefjord AS/Sandefjord	990 815 844	91	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	91	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	91	1
Mekonomen Tromsö AS/Tromsö	942 591 322	100	1
Mekonomen Trondheim AS/Trondheim	979 462 026	100	2
Mekonomen Tönsberg AS/Tönsberg	934 256 867	75	1
Mekonomen Fleet AS/Oslo	895 917 052	100	-
			35
NORWAY – Sørensen og Balchen			
Rønneberg Autoindustri AS/Ålesund	981 015 150	100	5
BilXtra Kristiansund AS/Kristiansund	999 255 876	91	1
Bilvarehusene Nor AS/ Skårer	880 553 852	100	9
BilXtra AS/Moss	983 032 133	100	6
BilXtra Kristiansand AS/Kristiansand	979 438 761	100	1
Bilutstyr Arendal AS/Arendal	961 171 067	100	1
Østfold Bilutstyr AS /Sarpsborg	987 586 788	100	1
Telemark Bilutstyr AS/Skien	986 980 415	100	1
Rogaland Rekvisita AS/Stavanger	936 043 119	100	2
Jahre Motor Hamar AS/Hamar	935 614 031	91	1
Askim Bilrekvisita AS/Askim	885 049 702	100	1
Steglet Bilutstyr AS /Kongsberg	988 210 196	100	1
Jøntvedt Bilutstyr AS/Tønsberg	887 813 752	100	1
Oppland Bilutstyr AS/Gjøvik	987 600 659	100	1
Høistad Bildeler AS/Lillehammer	981 015 142	100	1
Vest Bilutstyr AS/Bergen	980 281 450	100	2
Autoproducts AS/Trondheim	995 080 125	50	1
			36
STORES IN MEKONOMEN AB			
M by Mekonomen			1
TOTAL NUMBER OF STORES			**301**

The Mekonomen Group includes a total of 209 companies, 301 proprietary stores and 22 proprietary workshops. At present, 86 wholly owned companies operate 214 stores and 74 partner companies operate 87 stores. Furthermore, eight wholly owned companies and seven partner companies jointly operate 22 service centres.

NOTE 25 Shareholders' equity

Specification of changes to shareholders' equity is found in the report on Changes in the Group and Parent Company's shareholders' equity (see page 38).

SHARE CAPITAL

During the financial year, a new share issue was implemented in conjunction with the acquisition of MECA. The new shares were valued at the closing rate of SEK 213.50 on 22 May 2012. New issues entail an increase of 3,086,882 in the number of shares and an increase of SEK 8 M in the share capital, as well as an increase of SEK 651 M in other contributed capital. At the end of the financial year, the share capital amounted to KSEK 89,754 (82,037) and consisted of 35,901,487 shares (32,814,605) at a quotient value of SEK 2.50 per share (2.50).

There were no outstanding shareholders' equity instruments that could result in a dilution of the share capital as of 31 December 2012 and 31 December 2011, respectively.

OTHER CAPITAL CONTRIBUTIONS

Other capital contributions included contributions the company received from shareholders and which are not recognised as share capital.

TRANSLATION RESERVE

The item consists of translation differences attributable to the translation of foreign subsidiaries in accordance with IAS 21. The translation differences are distributed by country as follows:

	Group	
Translation difference, foreign subsidiaries	**31 Dec 2012**	31 Dec 2011
Accumulated translation differences in Norway	47	35
Accumulated translation differences in Denmark	-43	-35
Accumulated translation differences in Finland	-1	
TOTAL	**4**	**0**

PROFIT BROUGHT FORWARD

The profit brought forward item corresponds to the accumulated profits and losses generated in total in the Group.

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Board of Directors proposes a dividend of SEK 7.00 per share (8.00), which gives a total dividend of SEK 251,310,409 (262,516,840).

NOTE 26 Capital

Mekonomen manages its capital to ensure that the units in the Group are able to continue operating, 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 38 and Note 25, Shareholders' equity. At least once a 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.

NOT 27 Adjustments for items not affecting liquidity

	Group		Parent Company	
	2012	2011	**2012**	2011
Depreciation/amortisation	147	83	17	13
Capital gain/loss from divestment of fixed assets	-2	-5	-	-
Other items not affecting liquidity	-6	0	-1	-
TOTAL	**139**	**78**	**16**	**13**

NOTE 28 Effects of acquisitions implemented

Acquisitions in 2012

A major acquisition, MECA, was implemented during the year. Mekonomen's acquisition of all shares in MECA Scandinavia was finalised on 23 May 2012. Payment included 3,086,882 newly issued shares through a non-cash issue, as well as SEK 1,351 M in cash. The newly issued shares were valued at the closing rate of SEK 213.50 on 22 May 2012. MECA is included in Mekonomen's financial reporting from the acquisition date 23 May 2012. The total purchase consideration amounted to SEK 2,010 M.

With the exception of MECA, which is reported separately below, information about corporate acquisitions has been submitted in aggregated form since the size of each individual acquisition is not deemed to be significant enough to warrant separate reporting. All other acquisitions were paid in cash.

During 2012, the acquired companies had an impact on net sales totalling SEK 1,063 M, as well as EBIT of SEK 157 M, excluding acquisition costs of SEK 12 M. Had the acquisition of MECA been implemented on 1 January 2012, the impact on the Group's net sales would have amounted to SEK 1,640 M, and the impact on EBIT to SEK 165 M, of which EBIT for the period according to this calculation, would have been charged with planned amortisation of intangible assets identified in connection with the acquisition totalling SEK 60 M. The total of other acquisitions would have had an insignificant impact on sales and earnings had they been implemented at the beginning of the year.

Acquisition-related expenses amounted to SEK 12 M for 2012. The total acquisition expenses pertaining to MECA, including costs for 2011, amounted to SEK 23 M. These costs are not included in the total purchase consideration in the table below; instead, they are recognised as other costs in the Group's profit or loss.

Compensation in the acquisition of holdings with non-controlling interests was recognised as a transaction between the minority shareholder and the Parent Company's shareholders within shareholders' equity.

Below is an acquisition analysis pertaining to operations acquired in 2012:

ACQUISITIONS DURING 2012	MECA	Other acquisitions	**Total acquisitions**
VALUE OF ACQUIRED ASSETS AND LIABILITIES			
Intangible fixed assets	15	-	15
Tangible fixed assets	46	2	48
Financial fixed assets	7	-	7
Deferred tax assets	23	-	23
Inventories	306	12	318
Current receivables	199	-	199
Cash and cash equivalents	7	0	7
Long-term liabilities	-27	1	-26
Current liabilities	-298	-1	-299
ACQUIRED NET ASSETS	**278**	**14**	**292**
Brands	270	-	270
Customer relations	600	-	600
Goodwill	1,091	18	1,109
Deferred tax liabilities	-229	-	-229
Acquired non-controlling interest, surplus value recognised against shareholders' equity	-	4	4
TOTAL IDENTIFIABLE NET ASSETS AND GOODWILL	**2,010**	**36**	**2,046**
Total purchase price	2,010	36	2,046
- of which, non-cash issue	659	-	659
- of which, cash portion	1,351	36	1,387
Cash and cash equivalents in the acquired companies	7	0	7
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**1,344**	**36**	**1,380**

Cont. NOTE 28

Fair value on acquired receivables amounted to SEK 199 M.

The MECA brand, recognised at SEK 270 M, has an indefinite useful period and customer relations, which according to the above amounted to SEK 600 M, are deemed to have a useful period of ten years.

In addition to the control premium included in the acquisition price, accrued Goodwill is primarily attributable to the benefits of anticipated synergies, as well as MECA's position and experience in the B2B segment in Sweden and Norway. These advantages have not been recognised separately from goodwill since they do not meet the criteria for recognition of identifiable intangible assets. Annual synergies, as a direct result of the acquisition, are calculated at SEK 80 M from 2013. Of the goodwill accrued in connection with the acquisitions, SEK 6 M is anticipated to be tax-deductible.

In Sweden, 15 store and workshop managers (8) became partners in their respective store companies. Their shareholdings amounted to 9 per cent per company. The total purchase consideration for these participations amounted to SEK 3.5 M (7).

ACQUIRED SUBSIDIARIES/ OPERATIONS 2012	Country	Acquisition date	Shareholding and share of voting rights	Object
Mekonomen partner store Holbæk	Denmark	January	100	Assets and liabilities
Mekonomen partner store, Åmål	Sweden	February	100	Assets and liabilities
Mekonomen partner store, Sala	Sweden	March	100	Company and assets and liabilities
Mekonomen partner store, Mölndal	Sweden	May	51	Company
Mekonomen partner store, Högsbo	Sweden	May	51	Company
Mekonomen partner store, Kungsbacka	Sweden	May	51	Company
MECA Scandinavia AB	Sweden	May	100	Company

Acquisitions in 2011

A major acquisition, Sørensen og Balchen, was implemented during 2011. Mekonomen's acquisition of all shares in Sørensen og Balchen was finalised on 11 March 2011. Payment included 1,945,783 newly issued shares through a non-cash issue, as well as SEK 273 M in cash. Sørensen og Balchen is included in Mekonomen's financial reporting from the acquisition date 11 March 2011. The total purchase consideration amounted to SEK 826 M.

With the exception of Sørensen og Balchen, which is reported separately below, information about corporate acquisitions has been submitted in aggregated form since the size of each individual acquisition is not deemed to be significant enough to warrant separate reporting. All other acquisitions were paid in cash.

During 2011, the acquired companies had an impact on net sales totalling SEK 730 M, as well as EBIT of SEK 78 M, 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 amounted to SEK 726 M, and the impact on EBIT to SEK 90 M. Other acquired units were deemed to not have any significant impact on the consolidated net sales and EBIT if they had been consolidated from 1 January 2011.

Below is an acquisition analysis pertaining to operations acquired in 2011:

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 AND GOODWILL	**826**	**91**	**917**
Total purchase price	826	91	917
- of which, cash portion of purchase price	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**

The BilXtra brand (Sørensen og Balchen), recognised at SEK 56 M, has an indefinite useful period and customer relations, recognised at SEK 136 M, as well as franchise contracts, recognised at SEK 47 M, have been deemed to have a useful period of ten years. Goodwill is primarily attributable to future synergies.

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

NOTE 29 Transactions with related parties

During the year, Mekonomen AB sold products and services to Group companies totalling SEK 109 M (108). Receivables from Group companies amounted to SEK 814 M (702) on the balance-sheet date and liabilities to Group companies amounted to SEK 127 M (28). For information on remuneration to senior executives, refer to Note 5.

NOTE 30 Events after the end of the year

No significant events occurred after the end of the financial year.

NOTE 31 Approval of the Annual Report

The annual accounts and consolidated accounts were approved for issue by the Board of Directors on 16 March 2013. 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 16 April 2013.

NOTE 32 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 2012, exchange-rate fluctuations had a positive impact on the Group's income before tax totalling SEK 6 M (2). The most important currency in terms of transaction exposure is EUR, which represents slightly less than 23 per cent of goods purchases in the Group, as well as NOK and DKK pertaining to internal sales from wholesale companies within Mekonomen and MECA to Norway and Denmark. Due to the acquisition of MECA, currency exposure in NOK and EUR rose during 2012. 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.

FACTORS PERTAINING TO PROFIT BEFORE TAX	Change	Impact *
Sales volume	+1%	32
Exchange-rate fluctuations		
- NOK	+1%	8
- EUR	+1%	-3
- DKK	+1%	+0
Gross margin	plus one perc. pt.	59
Personnel expenses	+1%	-14
Interest rate**)	+1%	-19

*) All things being equal, profit before tax for the 2012 financial year. Recalculated to include MECA for the full year.
**) Effect based on the Group's net debt as of 31 December 2012.

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 2012 financial year, interest-bearing liabilities rose compared with the low levels in prior financial years. This increase was primarily attributable to the acquisition of MECA. According to the financial policy, Mekonomen shall maintain an average fixed-interest term of a maximum of 18 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. As at 31 December 2012, Mekonomen's net debt is SEK 1,875 M. The period of fixed interest at the end of the year does not exceed three months in any of the loans outstanding. For more information, refer to the table in the section on Currency risks.

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 finance policy, refinancing risks shall be managed by signing long-term and flexible credit agreements.

As of 31 December 2012, the Group's total loan financing amounted to SEK 2,105 M (647), of which the long-term portion is SEK 1,809 M (449). The debt increase in 2012 is mainly attributable to the acquisition of MECA. In conjunction with the acquisition of MECA, management decided that the financing of the cash portion of the acquisition totalling SEK 1,351 M, and an additional liquidity reserve, entailing loans totalling SEK 1,600 M, would extend over a period of three years. This provided the Group with optimal loan terms and conditions, the lowest earnings effect, as well as sustainable manoeuvrability. Total amortisation of the loans is SEK 196 M per year and management believes that the conditions are highly favourable for financing the Group's future capital requirements including refinancing of loans outstanding.

In addition to this, the Group has overdraft facilities totalling SEK 417 M. 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
16 March 2013

Fredrik Persson
Chairman of the Board

Marcus Storch
Executive 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 16 March 2013

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 conducted an audit of the annual accounts and consolidated accounts of Mekonomen AB for the 2012 financial year, with the exception of the Corporate Governance Report on pages 24–27. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-61.

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 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2012 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. Our opinion does not include the Corporate Governance Report on pages 24–27. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have 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 2012 financial year. 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 for ensuring that the Corporate Governance Report on pages 24–27 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.

In addition, we have read the Corporate Governance Report and based on this information and our knowledge of the company and the Group, we believe that we have sufficient grounds for our opinion. This means that the focus and scope of our statutory review of the Corporate Governance Report is significantly smaller compared with the focus and scope of an audit according to International Standards on Auditing and generally accepted auditing standards in Sweden.

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, 16 March 2013
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Information to shareholders

Annual General Meeting
The Annual General Meeting will be held on 16 April 2013 at 3:00 p.m. at the Maxim Theatre, Karlaplan 4 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, 10 April 2013. 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 10 April 2013.

How do you register?
Shareholders wishing to participate at the Annual General Meeting should register not later than 4:00 p.m. on Wednesday, 10 April at:

Mekonomen's Annual General Meeting
c/o Euroclear Sweden AB
Box 7842
SE-103 98 Stockholm
Tel: +46 (0)8-402 90 47, or
Mekonomen's website: www.mekonomen.com

Dividends
The Board of Directors proposes a dividend of SEK 7.00 (8.00) per share. As record date for the dividend, the Board proposes Friday 19 April 2013. If the Annual General Meeting adopts the proposal, the dividend is expected to be paid on 24 April 2013.

Reporting dates for 2013

Interim report January–March:	8 May
Interim report April–June:	27 August
Interim report July–September:	7 November
Year-end report for the full financial year 2013:	13 February 2014

Definitions

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

Return on total capital, %
Profit after net financial items plus financial costs as a percentage of the average total assets.

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

EBITA
Operating profit after planned amortisation but before amortisation of intangible assets.

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.

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.

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

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

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

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

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

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

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

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

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

EBIT margin
EBIT as a percentage of total revenues.

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

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

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

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.

Earnings per share
Profit for the year attributable to the Parent Company´s shareholders in relation to the average number of shares.

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