Annual Report 2010

We make CarLife easier

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Mekonomen's formal Annual Report comprises pages 15–66. Only the formal annual report has been reviewed by the company's auditors. A more detailed description of Mekonomen's operations and additional, regularly updated financial information are presented on Mekonomen's website: www.mekonomen.se.

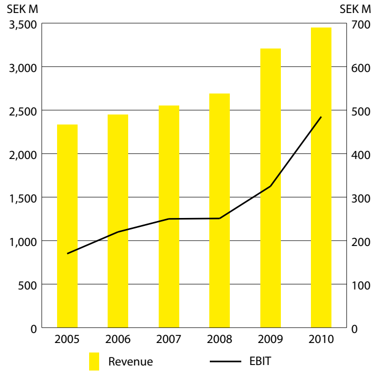
The year in brief

- Revenues rose to SEK 3,447 M (3,206).
- EBIT increased to SEK 485 M (325).
- EBIT margin amounted to 14 per cent (10).
- Profit before tax increased to SEK 485 M (323).
- Cash flow from operating activities rose to SEK 358 M (289).
- Return on capital employed increased to 49 per cent (36).
- Earnings per share increased to SEK 10.95 (7.38).
- Net debt amounted to SEK 12 M compared with net cash of SEK 30 M in the preceding year.
- The Board of Directors proposes a dividend of SEK 8.00 (7).
- The first two Mekonomen stores were established in Helsinki, Finland.
- Mekonomen was nominated Retail Chain of the Year by the Swedish Trade Federation and business daily Dagens Handel, at the Retail Awards 2010.
- The new "M by Mekonomen" store concept was launched. Developed by women for women and a key part of Mekonomen's major focus on female drivers.
- The acquisition of FG Skandinavia AB, which sells alcohol safety interlocking devices in the Scandinavian market. With this acquisition, Mekonomen Fleet will secure a position in this growing product area in the automotive market.
- The acquisition of Speedy Autoservice, which is a workshop chain specialising in quick service. Speedy has a total of 11 workshops located in Stockholm, Malmö, Helsingborg, Lund, Örebro and Västerås.
- The launch of Mekonomen's proprietary brand, Mekonomen Original.
- Mekonomen Fleet launched in Norway and Denmark at the end of 2010.

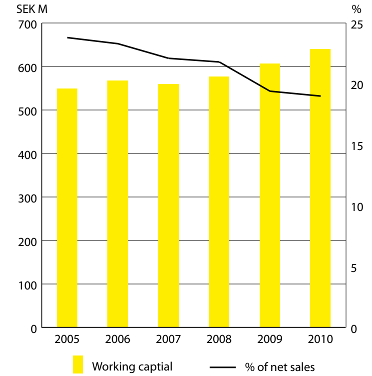
SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- In January 2011, an agreement was signed to acquire Sørensen og Balchen from Otto Olsen Invest. Sørensen og Balchen operates the BilXtra spare-parts chain, with 32 wholly owned stores, 41 affiliated stores and more than 200 partnership workshops in Norway.
- In January 2011, Mekonomen acquired Marinshopen, which is Sweden's leading supplier of spare parts and accessories for marine products.

REVENUE AND EBIT



WORKING CAPITAL



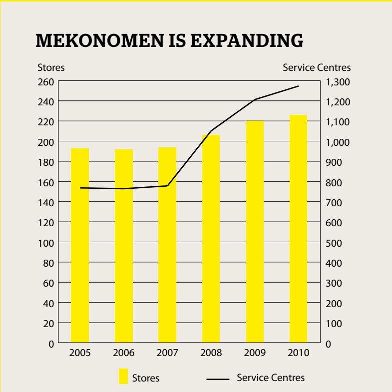
KEY FIGURES

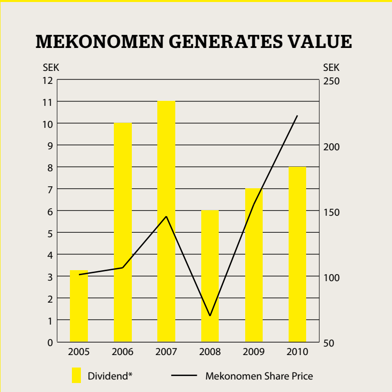
	2010	2009	2008
Revenue, SEK M	3,447	3,206	2,691
EBIT, SEK M	485	325	251
EBIT margin, %	14	10	9
Profit for the year, SEK M	351	237	189
Earnings per share, SEK	10.95	7.38	5.84
Cash flow* per share, SEK	11.60	9.38	6.77
Dividend**, SEK	8.00	7.00	6.00
Return on shareholders' equity, %	37	27	20
Equity/assets ratio, %	55	59	60

*) From continuing operations.
**) Board's proposal to the 2011 Annual General Meeting.

Mekonomen in brief

Mekonomen is the leading spare-parts chain in the Nordic region, with our own wholesale operations. At the end of 2010, Mekonomen had 230 stores, of which 182 wholly owned and 48 partnerships. The number of affiliated workshops was 1,338, of which 975 operate under the Mekonomen Service Centre concept and 363 under MekoPartner. Affiliated workshops are not owned by Mekonomen but have cooperation agreements.





*) The Board's proposal for 2010. Of which, extraordinary dividend of SEK 5.00 for 2007, SEK 7.00 for 2006 and SEK 2.10 for 2005.

BUSINESS CONCEPT

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

VISION

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

GOAL

Overall goal:

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

Growth target:

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

Financial targets:

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

Mekonomen's operational goals for 2012

- 30 per cent of the total number of employees are women.
- 50 Mega and 110 Medium units.
- One million card customers.
- 20 per cent of the range comprises proprietary brands.
- 2,000 workshops affiliated to Mekonomen.
- Mekonomen is the leading player in the marine aftermarket.
- Mekonomen is the leading player in the aftermarket for snowmobiles.

STRATEGIES

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

A RANGE THAT IS CONTINUOUSLY DEVELOPING

At the central warehouse in Strängnäs, there are approximately 67,000 articles for 5,000 car models, as well as a broad range of marine spare parts, accessories for leisure boats and spare parts for snowmobiles.

Through cooperation with contract suppliers that deliver directly to the stores, Mekonomen has access to an additional 400,000 products.

MOTIVATED EMPLOYEES

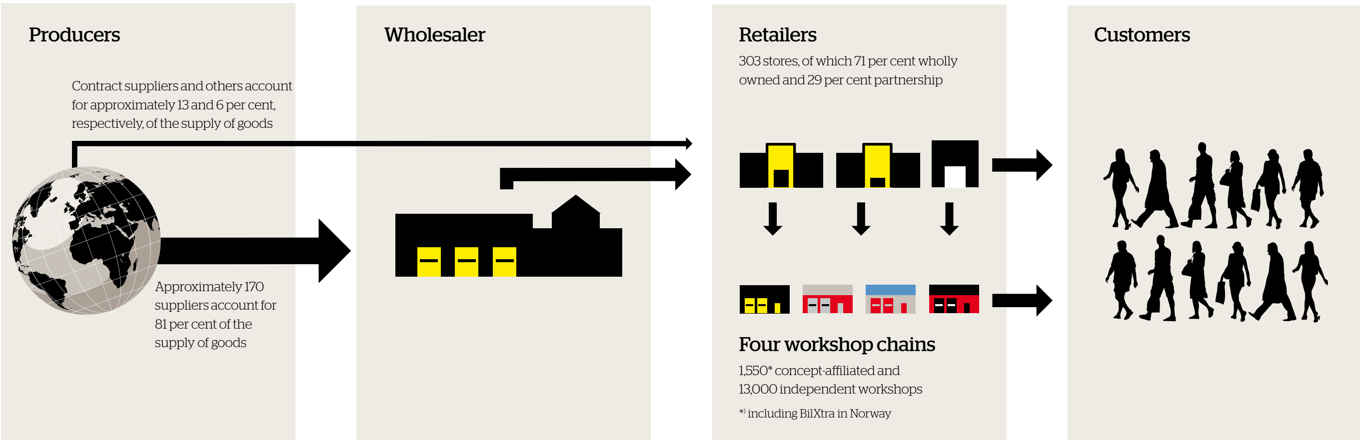
Mekonomen has slightly more than 1,550 employees. The operation is based on common values that are summarised into five principles: customer-orientation, businesslike, responsibility, competency and flexibility. Employees at Mekonomen are our primary ambassadors and brand bearers.

THE MEKONOMEN BRAND

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

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

MEKONOMEN'S BUSINESS CONCEPT



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

CEO'S COMMENTS

Thanks to all customers and employees for a fantastic year

Our thanks go to all customers for the confidence you showed in Mekonomen during 2010. This gives us strength. There is extensive work behind the success. Our employees work every day to satisfy our customers and continuously improve our customer offering. We can be proud of the results we achieved jointly.

For me as head of Mekonomen, it is fantastic to see how our employees continuously improve and take on new challenges. This means that I feel delighted and satisfied every day for what we achieve.

2010 was an eventful year, characterised by a high level of activity and ambitious efforts. However, the results must be viewed in light of what we achieved in 2008 and 2009. Then we decided to make a concentrated effort to establish the Mega and Medium concepts, as well as targetting corporate customers through Mekonomen Fleet. During the recession and financial crisis in 2009, we chose to accelerate when many others were hitting the brakes. This strategy has proven to be completely spot-on.

The number of affiliated workshops increased further during the year and amounted to 1,338 at the end of the year, a net increase of 132 units in 2010. The number of stores at the end of the year was 230, an increase of 10 units. In June, a pilot store was opened for our new M by Mekonomen concept, with a specific focus on women. During the year we also launched the Mekonomen card, with 10 per cent discount on accessories.

In Luleå, a regional warehouse was established to increase the level of service and availability in northern Sweden, Norway and Finland. A very important initiative was the launch of Mekonomen branded products during 2010 and early 2011, which were well received by our customers. This would not have been possible if confidence in the Mekonomen brand had not grown strongly over the years Mekonomen's repositioning paid off, in terms of sales and profitability. During the year, we also received official confirmation of our success. In March, Mekonomen was nominated "Retail Chain of the Year" by the Swedish Trade Federation and the newspaper Dagens Handel at the Retail Awards 2010.

Of course, the definite turnaround in Denmark is particularly gratifying. Major efforts have been spent on resolving the problems we had there earlier. One of the success factors was, and still is, to adapt to the country's specific conditions. This means respecting that our markets in the Nordic region are different, although they have a lot in common.

Strong ambition and distinct goals

From the fourth quarter, we increased the pace of our efforts, for example by establishing our first stores in Finland, the acquisition and integration of the Speedy workshop chain, the establishment of new Mega units in Scandinavia and preparation for establishment in Iceland. In addition, Marinshopen was acquired to enable the first marine establishment and the aquisition of Sørensen og Balchen was prepared.

The acquisition of Sørensen og Balchen was completed in the first quarter of 2011, comprising 73 stores and slightly more than 200 affiliated workshops. It is a major step in our Nordic strategy and will strengthen our position in Norway, which is one of our key markets.

The main strategy for Mekonomen is organic growth. But, we will carefully analyse acquisition opportunities, if they are right, if they are suitable and if they complement our concept.

During Mekonomen's Capital Market Day in June, we presented a number of goals that will be achieved during 2012:

- not less than 30 per cent female employees in stores
- 50 Mega and 110 Medium units in the Nordic region
- one million customers with Mekonomen cards
- not less than 20 per cent proprietary brands in the range
- more than 2,000 partnership workshops
- have a leading position in the marine aftermarket
- have a leading position in the aftermarket for snowmobiles.

In addition, we gave a broad outline of our expansion outside the Nordic region. We explained that our long-term focus is to establish Mekonomen in 20 countries in ten years. With the success we achieved in Scandinavia and the strength we see in the Mekonomen concept, we are now equipped to enter new countries, when the time is right. Our continued expansion will be performed with retained profitability.

I am convinced that 2011 will be another exciting and successful year for Mekonomen, with many new ventures to positively surprise our customers.

Kungens Kurva March 2011

Håkan Lundstedt
President and CEO

Norway – expansion through acquisition

Mekonomen has strengthened its position in the attractive Norwegian market through the acquisition of Sørensen og Balchen, which was announced in January 2011.

Under the BilXtra brand, Sørensen og Balchen has 73 stores (of which 32 wholly owned) and slightly more than 200 partnership workshops. Through the acquisition, Mekonomen will nearly double its operations in Norway, to more than 150 stores and 550 workshops.

BilXtra is a highly established brand in Norway, so popular that the operations will continue as an independent Group within Mekonomen.

"The advantages of the partnership between BilXtra and Mekonomen will be clear for car owners in Norway," explains Håkan Lundstedt, President and CEO of Mekonomen.

"With our new combined size, our competitiveness will strengthen significantly, which will provide us with the opportunity to offer our customers the best prices, concepts and systems."

The acquisition of Sørensen og Balchen is part of the Mekonomen growth strategy and will facilitate continued work to expand in Norway, a market that has historically been dominated by brand-based players.

Finland – new market

During 2010, Mekonomen moved into Finland, which in geographic terms will be its fourth market. In November, the doors were opened to a Mega unit in Berghäll in central Helsinki. The following month, it was time for the launch of a Mega unit in Vik, at another central location in the capital.

"We got off to a flying start," says Nils-Erik Brattlund, who is the Head of Business Establishment.

"Our offering to Finnish consumers through a Mega unit, with a store and workshop under the same roof, is something completely new and we received a great deal of attention during the launch. The move into the Finnish market was taken jointly with Metroauto Group Oy, which is the second largest car dealership in the Nordic region.

"Mekonomen is responsible for the stores and Metroauto for the workshops," explains Nils-Erik Brattlund. The cooperation between the two companies is not new. When Svenska Bil, which is owned by Metroauto, decided to develop eight of its brand workshops in Sweden into facilities with a broader offering in 2009, it was in the form of Mekonomen Mega.

Competition for car owners in Finland is fierce. Original brand dealers and chains such as Auto-Assi, AD and Motonet have well-developed brands.

But, Mekonomen is not afraid to continue its venture.

"What we have seen in the Finnish market has encouraged us," says Nils-Erik Brattlund.

"We also noticed that our distinct concept functions equally well in Finland as in the rest of the Nordic region and consequently, we have set a high goal for the future.

"During 2011 and 2012, we are planning to open an additional 13 Mega units, with excellent geographic spread in Finland."

Business trend generates new business

The goal of Mekonomen's business trend is that 50 per cent of its EBIT will derive from new businesses in five years.

"There are several different routes that will lead to the goal," explains Marcus Larsson, Executive Vice President of Mekonomen.

"We are moving into new markets, implementing strategic acquisitions, developing proprietary brands and launching new services and products. The launch of the Mekonomen concept in Finland is excellent proof of our expansion into new markets. Among acquisitions, the most distinct example is the acquisition of the BilXtra spare parts chain in Norway, with 32 wholly owned stores and 41 affiliated stores, as well as 200 partnership workshops.

"We are also focusing on developing new products and services," explains Marcus Larsson.

"During 2010, the Mekonomen range expanded to also include marine spare parts, accessories for leisure boats and spare parts for snowmobiles."

The markets for both marine and snowmobiles in the Nordic region have, to date, been clearly fragmented and characterised by many intermediaries between manufacturers and customers. Mekonomen has conducted comprehensive consumer surveys into both marine and snowmobiles and the picture is clear - consumers welcome new players and request a broader range and a higher level of service. Mekonomen's strategy is based on minimising the intermediary routes, being more efficient than competitors in terms of logistics and capitalising on the benefits of our excellent geographic coverage.

There are more than two million leisure boats

in the Nordic region. The market for accessories and spare parts is estimated at SEK 5 billion per year. The number of snowmobiles in Sweden, Norway and Finland totals more than 325,000 and the spare-parts market is valued at approximately SEK 800 M annually.

"The goal is now for Mekonomen to become market leader within two years," states Marcus Larsson.

M by Mekonomen

During 2010, the new "M by Mekonomen" concept was launched, developed for women and an integral part of Mekonomen's major investment in female drivers.

The first M by Mekonomen was opened in the Liljeholmstorget shopping centre in Stockholm and offers visitors an environment that clearly deviates from the traditional outlets in the industry. The store design is modern, with clear and distinct pastel colours, which differ significantly from Mekonomen's other stores.

"With M by Mekonomen, we want to make visits to the store and workshop a more pleasant experience that feels accessible to the female target group," says Hanna Ekstrand, Marketing Developer at Mekonomen.

Proprietary brands

When Mekonomen introduced its proprietary brands in 2009, success was immediate. The range comprises accessories and spare parts of original quality, with a distinct investment in environmentally labelled products.
The range will be successively expanded and the goal is that Mekonomen's proprietary brands will account for 20 per cent of the sales in each product group already by the end of next year.

Mekonomen assumes responsibility

Mekonomen wants to assume responsibility for the environmental and social impacts of its operations. This is important in order to continue to grow and develop Mekonomen's business, while customers, employees, owners and other stakeholders expect Mekonomen to act on these issues.

Within Mekonomen, systematic work on the environmental impact has been conducted for a long time. During 2010, it was decided to further develop the Group's sustainability work. The decision is supported by the Board of Directors and during 2011, Mekonomen will prioritise this effort.

An active dialogue with stakeholders has been initiated to increase knowledge on what external stakeholders consider to be Mekonomen's most important issues in terms of sustainability work, the risks and opportunities that are deemed to exist in the operation, as well as the expectations on Mekonomen in this respect. Mekonomen decided to discuss this with several institutional owners, a group in which there is considerable expertise on this issue.

The dialogues were highly beneficial. Examples of questions that the interviewees considered important for Mekonomen to communicate more distinctly include how Mekonomen assumes responsibility in the supplier chain, how work is conducted to reduce the negative impact on the climate, how Mekonomen's own businesses are able to develop by working systematically on various sustainability issues, as well as how responsibility for the environment and social issues are distributed within the organisation.

Environmental work at Mekonomen

During 2010, a new operational policy was adopted that addresses environmental issues. Mekonomen's environmental work during the year primarily involved generating increased knowledge throughout the organisation with respect to how negative environmental impact shall be handled. The effort includes detailed information on the risks, as well as information to generate awareness of the business opportunities that may arise while improving environmental consideration by Mekonomen.

Training activities have been initiated and will continue during 2011, including a two-day mandatory training course in the environment and quality for Mekonomen's workshops (MBV). During the year, a web-based environmental course was also introduced, which must be completed by all Mekonomen employees before the end of 2011.

Two other key areas in 2010 were chemicals and waste management. Mekonomen has worked intensely with labelling, preparation of safety datasheets, packaging and range pertaining to chemicals. This work will continue this year. All product managers have completed the chemical training course.

Waste management is a hygiene issue for Mekonomen. Consequently, work to introduce source-sorting in all stores was initiated in 2010.

Certification at Mekonomen

Since mid-2010, work has been in progress aimed at certifying Mekonomen's operations in accordance with ISO 14001 and ISO 9001 (environment, work environment and quality).

According to the plan, the head office, warehouse operations and 20 stores and workshops will be certified In 2011. All of Mekonomen's workshops operate in accordance with a franchise agreement. It is up to individual franchise owners to decide whether or not the individual operations will be certified. Mekonomen conducts dialogue with all franchise owners on the importance of managing and reducing the negative impact on the environment.

Transport

Transport and logistics are a prioritised area, where continuous work is done to achieve more efficient logistics. The work also generates positive economic effects for the Group. There are various projects in progress both internally and jointly with external partners to develop the work effort. When Mekonomen procures transport services, there is high demand on efficiency by, for example, minimising the amount of reloading and consequently, reducing transport distances.

Mekonomen's product and service range

Mekonomen's products and services pertain primarily to extending the service life of vehicles and contributing to easier and safer driving.

Mekonomen wants to be part of the automotive industry's reduction of negative environmental and climatic impact through various activities and a shared responsibility.

During 2009, products to reduce negative environmental impact were introduced into the range, which comprises Mekonomen's proprietary branded products. Some of the products are also Swan labelled. During 2010, the range was expanded further. Through customer surveys, Mekonomen gained confirmation that customers request environmentally friendly options, which means that we are searching for new ways to satisfy these requests.

Demand on suppliers

Mekonomen places demand on suppliers of products to Mekonomen's proprietary brands, some of them are fundamental and a prerequisite for conducting business with Mekonomen. The requirement includes ISO 9001 and 14001, as well as QS certification. The latter is adapted to the automotive industry. By using the same suppliers as the automotive industry, Mekonomen believes that risks pertaining to the environment, society and quality will decrease. Mekonomen has a limited number of suppliers that are approved to deliver to Mekonomen's portfolio of proprietary products. Since 2009, CSR clauses have been included in agreements with suppliers. These clauses include the environment, working environment and a ban on child labour.

Mekonomen in society

Mekonomen wants to contribute to the development of young people. Mekonomen is a cooperation partner of Telge Tillväxt, an initiative to create job opportunities for young people and to half unemployment among the young people of Södertälje by 2012. Furthermore, the initiative will contribute to national debate on the need for efforts to help young people.

Mekonomen also cooperates with Farsta High School, jointly with the Swedish Trade Federation, with the objective of reducing unemployment among young people through trainee positions in our stores. Mekonomen also hopes that the cooperation will be part of generating positive change. In addition, there is a partnership with various vehicle technology courses through contributions of equipment and trainee positions.

Diversity

It is important for Mekonomen to focus on diversity and to reflect the society in which we live. A distinct goal is 30 per cent female employees in Mekonomen's stores by 2012. To achieve this goal, it is important to develop a culture and work method that is natural to both women and men. During recruitment, Mekonomen now prioritises the sense of service and the ability to work in groups instead of focusing on industrial experience as in the past. A long-term introduction programme has been launched to ensure formal industrial knowledge.

Mekonomen and the Pink Ribbon

During 2010, Mekonomen was the main sponsor of the Cancer Fund's Pink Ribbon campaign. The sponsorship entailed that Mekonomen donated SEK 200 for each service performed at Mekonomen's workshops during October.

In addition, SEK 1 was donated per question from customers to Mekonomen Direkt, our 24-hour customer service. A total of 10,000 services were performed and through Mekonomen Direkt, approximately SEK 10,000 was contributed. Curing the campaign, "pink products" were sold in Mekonomen's stores and for each sold product, Mekonomen donated SEK 5-50, depending on the product.

The total amount Mekonomen donated to the Pink Ribbon campaign in October 2010 totalled SEK 2,502,089.

Mekonomen's continued sustainability work

Within Mekonomen, there is an awareness that it is important for the Group, our customers and other stakeholders to develop the company's sustainability work and become more transparent. Consequently, Mekonomen will prioritise this work in 2011.

Products with environmental profiles from Mekonomen's proprietary brand

FIVE-YEAR SUMMARY

INCOME STATEMENT

SEK M	**2010**	2009	2008	2007	2006
Net sales	3,374	3,129	2,646	2,530	2,432
Other revenues	73	77	45	20	17
Goods for resale	–1,607	–1,530	–1,317	–1,294	–1,275
Other expenses	–1,355	–1,352	–1,123	–1,007	–955
EBIT	485	325	251	250	220
Profit after financial items	485	323	261	418	198
Tax on profit for the year	–134	–86	–72	–70	–58
PROFIT FOR THE YEAR	**351**	**237**	**189**	**348**	**140**

BALANCE SHEET

SEK M	**2010**	2009	2008	2007	2006
ASSETS					
Intangible assets	348	278	254	206	169
Other fixed assets	207	180	148	109	471
Inventories	680	620	602	554	521
Accounts receivables	287	265	217	201	200
Other current assets	162	126	116	120	188
Cash and cash equivalents	74	60	85	290	95
TOTAL ASSETS	**1,758**	**1,529**	**1,423**	**1,481**	**1,644**
SHAREHOLDERS’ EQUITY AND LIABILITIES					
Shareholders equity, Parent Company's shareholders	955	877	833	978	933
Minority share of shareholders' equity	19	18	18	18	20
Long-term liabilities	24	29	42	44	70
Current liabilities	760	605	530	441	621
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,758**	**1,529**	**1,423**	**1,481**	**1,644**

CONDENSED CASH-FLOW STATEMENT

SEK M	**2010**	2009	2008	2007	2006
Cash flow from operating activities	358	289	209	320	200
Cash flow from investing activities	–174	–92	–93	448	–19
Cash flow from financing activities	–170	–222	–321	–574	–122
CASH FLOW FOR THE YEAR	**14**	**–25**	**–205**	**194**	**59**

DATA PER SHARE

Amounts in SEK per share, if not otherwise stated	2010	2009	2008	2007	2006
Profit	10.95	7.38	5.84	11.03	4.28
Cash flow	11.60	9.38	6.77	10.32	8.61
Shareholders' equity	30.9	28.4	27.0	31.7	30.2
Dividends*	8	7	6	11	10
Share of profit paid, %	73	95	103	100	234
Share price at the end of the year	223	155	70	146	106.75
Share price, highest for the year	228	159.5	151	154.5	114.5
Share price, lowest for the year	131	71.75	58.25	100	73.75
Direct yield, %	3.6	4.5	8.6	7.5	9.4
P/E ratio at the end of the year, multiple	20.0	21.0	12.0	13.2	24.9
Average number of shares after dilution effects	30,868,822	30,868,822	30,868,822	30,868,822	30,868,822
Number of shareholders at the end of the year	8,024	7,430	6,559	6,199	5,976

*) Board proposal for 2010. Of which, extraordinary dividend SEK 5.00 for 2007 and SEK 7.00 for 2006.

KEY FIGURES

	2010	2009	2008	2007	2006
Sales growth, %	8	19	6	4	5
Gross margin,%	52	51	50	49	48
EBIT margin, %	14	10	9	10	9
Profit margin, %	14	10	10	16	8
Capital employed, SEK M	1,060	925	905	1,002	1,212
Operating capital, SEK M	986	865	820	712	1,117
Return on capital employed, %	49	36	28	39	19
Return on operating capital, %	52	39	33	27	20
Return on equity, %	37	27	20	36	14
Return on total capital, %	30	22	19	27	13
Equity/assets ratio, %	55	59	60	67	58
Net debt/equity ratio, multiple	0	neg	neg	neg	0.2
Interest-coverage ratio, multiple	151	66	33	47	14
Net indebtedness, SEK M	12	neg	neg	neg	164
AVERAGE NUMBER OF EMPLOYEES					
Sweden	850	789	732	687	684
Norway	251	243	233	202	184
Denmark	358	398	397	382	388
Finland	3	–	–	–	–
GROUP	**1,462**	**1,430**	**1,363**	**1,271**	**1,256**
NUMBER OF STORES/of which wholly owned					
Sweden	141/111	134/103	123/103	114/93	115/88
Norway	47/32	47/31	44/29	42/25	39/21
Denmark	40/37	39/38	39/39	38/38	38/38
Finland	2/2	–	–	–	–
GROUP	**230/182**	**220/172**	**206/171**	**194/156**	**192/147**

Contd. KEY FIGURES

	2010	2009	2008	2007	2006
NUMBER OF MEKONOMEN SERVICE CENTRES					
Sweden	426	401	363	337	329
Norway	352	331	320	305	321
Denmark	195	178	169	136	114
Finland	2	–	–	–	–
GROUP	**975**	**910**	**852**	**778**	**764**
NUMBER OF MEKOPARTNER					
Sweden	128	117	75	–	–
Norway	63	53	38	–	–
Denmark	172	126	86	–	–
GROUP	**363**	**296**	**199**	**–**	**–**

QUARTERLY REVIEW

	Full-year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full-year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
NET SALES, SEK M										
Sweden	1,708	455	422	451	381	1,550	409	398	407	336
Norway	817	202	199	221	194	731	182	184	195	170
Denmark	777	184	185	204	204	816	193	196	215	211
Other	72	31	16	16	10	32	12	3	6	12
GROUP	**3,374**	**872**	**822**	**892**	**789**	**3,129**	**796**	**780**	**823**	**729**
EBIT, SEK M										
Sweden	310	78	91	87	55	261	74	74	65	48
Norway	144	32	40	44	28	114	26	33	31	25
Denmark	45	7	12	20	6	5	0	3	1	1
Other	–14	–7	–2	–7	1	–56	–19	–10	–11	–16
GROUP	**485**	**110**	**141**	**144**	**90**	**325**	**81**	**100**	**86**	**57**
EBIT MARGIN, %										
Sweden	18	17	21	19	14	16	18	18	16	14
Norway	18	16	20	20	14	16	14	18	16	14
Denmark	6	4	6	10	3	1	0	2	1	0
GROUP	**14**	**12**	**17**	**16**	**11**	**10**	**10**	**12**	**10**	**8**
QUARTERLY DATA, GROUP										
Net financial items, SEK M	0	1	–1	0	1	–2	1	–3	3	–2
Profit before tax, SEK M	485	111	140	143	91	323	82	97	89	54
Tax, SEK M	–134	–33	–40	–37	–24	–86	–20	–26	–24	–15
Profit after tax, SEK M	351	78	100	107	67	237	62	70	65	39
Gross margin, %	52	53	54	53	50	51	52	52	50	51
Earnings per share, SEK	10.95	2.52	3.07	3.29	2.08	7.38	2.05	2.16	1.98	1.20

The Board and President of Mekonomen AB (publ.), Corporate Registration Number 556392-1971, hereby submit the Annual Report and Consolidated Accounts for the 2010 financial year.

GENERAL

Mekonomen is Scandinavian's leading spare parts chain with proprietary wholesale operations, 230 stores and more than 1,338 workshops that operate under the Mekonomen brand. The Parent Company conducts operations in the form of a liability company and has its registered office in Stockholm. The address of the head office is Smista Allé 11, SE-141 70 Segeltorp. The Parent Company's share is listed on the Mid-Cap list of Nasdaq OMX. The three largest shareholders in the Parent Company are the Axel Johnson AB Group, with 29 per cent, Eva Fraim Påhlman, with 6.5 per cent and Kempen European Participations NV. with 5.2 per cent.

FINANCIAL YEAR

The 2010 financial year was another record year for Mekonomen, with increases in EBIT and revenue of 49 and 8 per cent, respectively.

During 2010, investments in a number of areas continued. The project for the new Mekonomen Mega and Mekonomen Medium store concepts, which commenced at the end of 2008 and was rolled out in 2009, continued in 2010. The efforts in the corporate market with Mekonomen Fleet continued and this was also introduced in Norway and Denmark at the end of 2010. Mekonomen Direct was also launched in Norway and Denmark during 2010. The number of affiliated workshops continued to increase and amounted to 1,338 on 31 December 2010. The net increase in 2010 was 132.

In November and December, Mekonomen opened its first two stores in Finland, located in Helsinki. An additional 13 Mega operations, with excellent geographic spread in Finland, are planned to be opened in 2011 and 2012.

In October, Mekonomen acquired Speedy Autoservice AB, which is a workshop chain specialised in quick service. Speedy has a total of 11 workshops in Stockholm, Malmö, Helsingborg, Lund, Örebro and Västerås. Of these, six are wholly owned and five are franchises.

In April, Mekonomen Fleet acquired FG Skandinavia AB, which sells alcohol safety interlocking devices in the Scandinavian market. This acquisition will give Mekonomen Fleet a position in this growing product area in the automotive market.

During the year, a pilot store was opened in Stockholm for Mekonomen's new M brand. This concept is directed at female drivers, with a focus on accessories and local service. The store has been developed, designed and range-adapted by and for women.

Mekonomen was elected the Retail Chain of the Year by the Swedish Trade Federation and business daily Dagens Handel at the Retail Awards 2010.

The number of stores increased by ten stores during the year, with the entire increase comprising wholly owned stores. The total number of stores in the chain at the end of the year was 230 (220), of which the number of wholly owned stores was 182 (172).

Revenues

Revenues for the full year increased 8 per cent to SEK 3,447 M (3,206). Other revenues included exchange-rate gains of SEK 18 M (36) and rental revenues, property-related revenue, licenses, etc. The organic growth was 7 per cent (14) for 2010. Adjusted for currency effects and the number of comparable work days, the increase was 10 per cent.

EBIT

EBIT totalled SEK 485 M (325) and the EBIT margin to 14 per cent (10). The earnings improvement was primarily attributable to higher sales with improved gross margin and continued strong cost control throughout the operations.

Profit/loss after net financial items

Profit after net financial items amounted to SEK 485 M (323). Net financial items amounted to SEK 0 M (neg: 2). Net interest income amounted to SEK 2 M (1) and other financial items to a negative SEK 2 M (neg: 3). Profit after net financial items was impacted by currency effects corresponding to an expense of SEK 2 M (expense: 1).

Profit for the year

Profit for the year amounted to SEK 351 M (237) and earnings per share was SEK 10.95 (7.38). Of profit for the year, SEK 338 M (227) was attributable to the Parent Company's shareholders and SEK 13 M (10) to minority shareholders.

Sweden

Net sales (external) rose 10 per cent to SEK 1,708 M (1,550). The underlying net sales increased 9 per cent. Sales were positively impacted by comprehensive and successful marketing, as well as by the new

Mekonomen Medium and Mega store concepts. EBIT amounted to SEK 310 M (261) and the EBIT margin was 18 per cent (16). The number of stores was 140 (134), of which 110 (103) are wholly owned.

Norway

Net sales (external) rose 12 per cent to SEK 817 M (731). The underlying net sales increased 12 per cent. The new store concept combined with the market activities implemented had a positive impact on sales. The improved results were attributable to the increase in sales and continued favourable cost control.

EBIT amounted to SEK 144 M (114) and the EBIT margin to 18 per cent (16). The number of stores totalled 47 (47), of which 32 (31) are wholly owned.

Denmark

Net sales (external) in Denmark amounted to SEK 777 M (816). The currency effects were negative and the underlying net sales rose 5 per cent, while EBIT improved to SEK 45 M (5). The improved results were attributable to higher gross margin and continued strong cost control. The number of stores totalled 40 (39), of which 37 (38) are wholly owned.

Finland

During 2010, Mekonomen became established in Finland and the first two stores, located in Helsinki, opened in November and December, respectively.

ACQUISITIONS AND ESTABLISHMENTS

During 2010, eight stores were acquired, and eight new stores were opened in Sweden. One store became a partner store and four stores merged with other existing stores. In Norway, two partner stores were acquired and one store became a partner store. Two new partner stores were opened, one partner store closed and one left the chain. In Denmark, one store became a partner store and one new partner store opened. In addition, minority shares in ten store companies were acquired. In Sweden, two store managers became partners in individual store companies. Their ownership share amounts to 9 per cent per store company.

Investments

During the year, net investments in tangible fixed assets amounted to SEK 68 M (71). In addition, investments in new IT systems amounted to SEK 29 M (20) during the year.

Acquisitions of companies and operations were implemented during the year totalling SEK 79 M (10). Acquired assets amounted to SEK 48 M (6) and acquired liabilities to SEK 26 M (1). In addition to brand, which amounted to SEK 5 M (0), no significant surplus value was identified in connection with the acquisitions. Goodwill amounted to SEK 48 M (5).

FINANCIAL POSITION

Cash and cash equivalents and short-term investments amounted to SEK 74 M at the end of the year, compared with SEK 60 M on 31 December 2009. The equity/assets ratio was 55 per cent (59). Interest-bearing liabilities amounted to SEK 86 M (30) at year-end and net cash to SEK 30 M on 31 December 2009.

CASH-FLOW STATEMENT

Cash flow for the year was SEK 14 M (neg: 26). Dividends totalling SEK 227 M (195) were paid to shareholders. Cash flow from operating activities amounted to SEK 358 M (289). The difference between the years was primarily attributable to improved results in 2010.

PERSONNEL

The number of employees at the end of the year totalled 1,575 (1,441) and the average number of employees during the year was 1,462 (1,330).

REMUNERATION OF SENIOR EXECUTIVES

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

The company will strive to offer its senior executives market-based remuneration, whereby the criteria shall be based on the significance of assignments, demand for expertise, experience and performance, and remuneration shall comprise the following:

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

The Board's motion for the policies complies with the preceding year's remuneration policies and is based on existing agreements between the company and senior executives. The distribution between basic salary and variable remuneration shall be in proportion to the responsibilities and authority of the senior executive. The variable remuneration of the President and other senior executives is based partly on the Group's profit and partly on individual qualitative parameters and shall 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 senior executives.

Senior executives are, in addition to the President, the eight individuals that jointly comprise Group Management along with the President. Other benefits consist primarily of a company car.

Pension premiums are paid in an amount based on the ITP plan or a corresponding system for employees abroad. In accordance with the employment contract, pension provisions for the President are made in an amount corresponding to 29 per cent of the basic salary. Pensionable salary consists of the basic salary. Severance pay on termination of employment by the company amounts to a maximum of one year's salary. In addition, there is a specific three-year bonus programme that is calculated on the earnings 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. The criteria for the size of the individual bonus shall be determined by the company's Board of Directors.

SENSITIVITY ANALYSIS

Mekonomen's earnings are influenced by a number of factors, such as sales volume, exchange-rate fluctuations on imported goods and sales to foreign subsidiaries, margins for purchased goods and salary changes. Virtually all imports originate from Europe where the currencies are primarily EUR and SEK. Purchases in EUR represent slightly less than 40 per cent of the purchased volume. Due to the high correlation between DKK and EUR, sales and purchases in these currency flows may 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 to individual countries, and the year's profit in Norway and Denmark. Hedging pertaining to the net flows and internal receivables was implemented during the year.

FACTORS PERTAINING TO PROFIT BEFORE TAX	Change	Effect
Sales volume	+1%	SEK+17 M
Exchange-rate fluctuation		
NOK	+1%	SEK +5 M
EUR	+1%	SEK –1 M
DKK	+1%	SEK +0 M
Gross margin	plus one %-unit	SEK +35 M
Personnel expenses	+1%	SEK –7 M

RISKS AND UNCERTAINTIES

The market trend was stable in all countries during 2010.

Competition

Competition in the spare parts market is fierce and within the brand independent trade there are approximately 400 stores in Sweden, in which the four largest players, including Mekonomen, all have product ranges that cover most car models. The situation is similar in both Norway and Denmark, with only a few major players with complete ranges, but there is also competition from a number of smaller players. Accessibility is very important in this market, which means that delivery rate is a key factor in competition. Accordingly, Mekonomen attaches great importance to logistics and related optimisation activities.

Operational risks

Within the company, there is significant awareness that the increasingly centralised IT structure could provide the Group with considerable advantages and improved possibilities. Consequently, preventive efforts are prioritised and the organisation for this is well developed, as is planning for continuity in operations in the event of unforeseen circumstances.

It is very important for the Group's fire protection work that there is a well-functioning fire organisation, regular internal control and training. Mekonomen's centralised warehouse is a key factor in the logistics flow and accordingly, great importance is attached to preventive work to reduce the risk of damage in the centralised warehouse.

Insurance

Mekonomen has Group-wide insurance solutions. Insurance coverage includes property, consequential loss, transport, the Board and the President.

Value-management risks

Mekonomen strives to achieve the same level of solutions for security services, security systems and value management for all companies within the Group.

Shrinkage

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

FINANCIAL RISKS

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

PARENT COMPANY

The Parent Company operations comprise Group management and Group-wide functions and financial management. Loss after net financial income was SEK 4 M (loss: 26), excluding dividends from subsidiaries. The average number of employees was 58 (47).

ENVIRONMENT

The Group does not conduct any operations that require permits according to the Swedish Environmental Code. During 2010, an environmental plan was adopted as part of a new 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 packaging material. Significant efforts were implemented pertaining to training in environmental and management issues, both in stores and affiliated workshops. At the centralised warehouse and store warehouses, fireproof rooms for chemicals and petroleum products are being constructed and when procuring transport services, considerable emphasis is placed on high efficiency and less reloading to minimise the transport distances.

EVENTS AFTER THE END OF THE YEAR

After the end of the period, Mekonomen signed an agreement to acquire Sørensen og Balchen from Otto Olsen Invest. Sørensen og Balchen operates the BilXtra spare-parts chain, with 32 proprietary stores, 41 affiliated stores and slightly more than 200 partnership workshops in Norway. Sørensen og Balchen is a popular family company and has an excellent position in the Norwegian market. Sørensen og Balchen's forecast for sales in 2011 amounts to approximately NOK 660 M. The annual cost, logistics and purchasing synergies are calculated at SEK 40 M from 2012.

Payment will be 1,945,783 new shares through a non-cash issue, and a cash payment of NOK 273 M. The dilution effect for existing shareholders amounts to approximately 6 per cent and the equity/assets ratio in Mekonomen, following the acquisition, amounts to 53 per cent. The transaction is expected to have a positive impact on earnings per share already in 2011. On 25 February 2011, Mekonomen held an Extraordinary General Meeting, where a resolution was adopted for the new share issue as the purchase consideration (non-cash issue). On the same day, the Norwegian Competition Authority also approved the transaction and access to the shares will be on 11 March.

Since no acquisition balance sheet has been prepared, there is no possibility to submit information pursuant to IFRS 3 pertaining to the size of the acquired assets and liabilities, and surplus value. This will be submitted in connection with Mekonomen's interim report for the first quarter of 2011.

In addition to this, as a step in the established target to become market leading in the marine market within three years, Mekonomen has also acquired Marinshopen, which is already Sweden's leading supplier of spare parts and accessories for marine products. Since the beginning of the year, Marinshopen has operated as part of Mekonomen.

Marinshopen currently has sales of slightly more than SEK 35 M and a customer base of private consumers but primarily shipping companies and wholesalers. The company has a combined central warehouse and store in Stockholm, which supplies customers throughout the country with spare parts and accessories for all types and brands of boat engines.

SHARE

Mekonomen's share capital amounted to SEK 77 M and comprises 30,868,822 shares with a quotient value of SEK 2.50 per share. All shares have the same voting rights. Axel Johnson AB represents 29 per cent of the voting rights. Following the resolution for the new share issue at the Extraordinary General Meeting on 25 February 2011, the share capital now amounts to SEK 82 M, comprising 32,814,605 shares with a quotient value of SEK 2.50 per share.

SHARE DIVIDEND

The Board proposes a share dividend of SEK 8.00 (7.00) based on earnings per share for the year.

BOARD OF DIRECTORS' WORK 2010

At the Annual General Meeting in April 2010, it was decided that the Board shall comprise seven ordinary Board members with no deputy members. All current 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 2010, the Board held 11 (8) meetings, of which one statutory meeting. At Board meetings, it was primarily the company's financial development, the launch of new concepts and the company's future strategy that were addressed.

Within Mekonomen's Board of Directors, there is a Remuneration Committee, which focuses on remuneration of Company Management. This

Committee, which held two meetings during 2010, 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 at the Annual General Meeting every fourth year. According to a resolution of the Annual General Meeting, auditors' fees are paid against approved invoices. The company's auditor participates in Board meetings in conjunction with the third-quarter report and at the Board meeting when year-end reports and proposals for the Annual Report are presented and in this connection he/she submits the report from the audit of the company's financial position and internal control. At the 2007 Annual General Meeting, the auditing firm of Deloitte AB, with Authorised Public Accountant Lars Svantemark as the Auditor in Charge, was elected for the next four-year period.

PROPOSED APPROPRIATION OF PROFIT

Parent Company

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

Unappropriated profit brought forward	618,876
Profit for the year	94,422
TOTAL	**713,298**

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

Dividend to shareholders (SEK 8/share)	262,517
To be carried forward	450,781
TOTAL	**713,298**

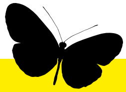
The dividend amount above is calculated on the number of shares, 32,814,605, in the company following the new share issue that was resolved by Mekonomen's Extraordinary General Meeting on 25 February 2011.

THE BOARD'S STATEMENT CONCERNING THE PROPOSED DIVIDEND

Following the proposed dividend, the Parent Company's equity/assets ratio will amount to 51 per cent and the Group's equity/assets ratio to 40 per cent. The equity/assets ratio is satisfactory considering that the company's and the Group's operations continue to operate profitably. 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 dividends can be justified by what is stated in the prudence principle, Chapter 17, Paragraph 3, Sections 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 statement and accompanying notes.



Corporate Governance

CORPORATE OGOVERNANCE REPORT

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

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

SHAREHOLDERS

Shares and shareholders

The share capital amounted to SEK 77,172,055 on 31 December 2010, represented by 30,868,822 shares. Each share represents one voting right at the Annual General Meeting. The total market capitalisation of the company on 31 December 2010 amounted to SEK 6.9 billion, based on a closing price of SEK 223.

The number of shareholders on 31 December 2010 was 8,024. The ten largest shareholders controlled at the same time 61.8 per cent of the capital and voting rights and the participation of foreign owners accounted for 24.1 per cent of the capital and voting rights.

The ten largest shareholders at 31 December 2010, according to SIS Ownership Data Corp.

Shareholders	Number of shares	% of votes and capital
Axel Johnson AB with subsidiaries	8,951,958	29.0
Eva Fraim Påhlman	2,012,176	6.5
Kempen European Participations N.V.	1,595,066	5.2
Swedbank Robur Funds	1,476,814	4.8
Lannebo Funds	1,378,068	4.5
Nordea Funds	1,095,987	3.6
Ing-Marie Fraim Sefastsson	1,000,000	3.2
Capital Group Funds	552,683	1.8
T Rowe Price Funds	550,000	1.8
AFA Försäkring	473,646	1.5
TOTAL	19,086,398	61.8

Annual General Meeting

The Annual General Meeting is Mekonomen's highest governing body, at which every shareholder is entitled to participate. The Annual General Meeting shall be held within six months of the close of the financial year. The Annual General Meeting approves the income statement and balance sheet, the appropriation of the company's profit, decides on discharge from liability, elects the Board of Directors and auditors, when applicable, 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 time and location is available on the company's website. Shareholders that are registered in Euroclear's shareholders' register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the agenda in the notification, minutes, etc., are available on the company's website.

With regard to participation in the Annual General Meeting, the Board has deemed it not financially justifiable at present to allow shareholders to participate in the Annual General Meeting through any means other than physical presence. It is the company's ambition that the Annual General Meeting shall be a consummate body for shareholders, in accordance with the Intentions of the Swedish Companies Act, which is why the objective is that the Board in its entirety, a 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 on 20 April 2010, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the Annual General Meeting on 14 April 2011 pertaining to:

- election of Chairman of the Meeting,
- election of the Chairman of the Board and other members to the Board of Directors of the Company,
- Board fees and any remuneration for committee work,
- where appropriate, election of and fees to auditors.

The Nomination Committee, prior to the 2011 Annual General Meeting, consists of Göran Ennerfelt, representing the Axel Johnson AB Group, Eva Fraim Påhlman, representing own shareholdings, Johan Lannebo, representing Lannebo Funds and Åsa Nisell, representing Swedbank Robur Funds. The Nomination Committee elected Göran Ennerfelt as its Chairman. Mekonomen's Chairman, Fredrik Persson, has been co-opted to the Nomination Committee.

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

Mekonomen has not established any specific age limit for Board meetings or time limits pertaining to the length of time Board members may sit on the Board. Auditors are elected every fourth year when the matter is submitted to the Annual General Meeting. The election of auditors took place at the 2007 Annual General Meeting and will thus occur at the 2011 Annual General Meeting.

SPECIFIC INFORMATION ABOUT THE BOARD'S WORK

Size and composition

According to the Articles of Association, the Board shall comprise three to seven members, with a maximum of three deputy members. The Board of Directors will be elected annually at the Annual General Meeting. At the Annual General Meeting on 20 April 2010, 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 Board members are independent in relation to the company and its management in accordance with the definition in the Swedish Code of Corporate Governance. Three of the Board members are independent also in relation to major shareholders. The President is not a member of the Board and neither is any other member of the Management Group.

Board members

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

Chairman of the Board

The Chairman of the Board, Fredrik Persson, is not employed by the company and does not have any assignments for the company beyond his chairmanship of the Board. 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 2010, the Board held 11 meetings, of which one was the 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 agenda that was approved for the meeting. On occasions, other senior executives have participated in the Board meetings in a reporting capacity, as necessary. No deviating views to be recorded in the minutes were expressed at any of the meetings during the year. Matters of high significance that were discussed during the year primarily concerned the company's financial development, the launch of new concepts and major acquisitions.

Assignments

In accordance with the requirements of the Code, the Board's ambition was to devote particular attention to establishing overall goals for the operation and decide on strategies by which to achieve the said goals, and in part to continuously evaluate the operating management, with the aim of securing the company's governance, management and control. The Board strives to ensure that there are 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 information 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 2010 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 1,360,000, of which SEK 320,000 pertains to a fee for the Chairman of the Board and SEK 240,000 for the Deputy Chairman, with the remaining amount to be distributed equally between the other Board members.

Audit Committee

The entire Board of Mekonomen assumes responsibility for ensuring that the audit guarantees, in an efficient manner, that the Group has acceptable procedures for internal control and high-quality and correct financial reporting. Twice per year, in connection with preparation of the financial accounting for the third quarter and annual financial statements, the company's auditors report on how the company ensured that accounting, management and financial control function. 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. Two meetings were held during the year and all members were present at these meetings. In addition, the President of the company, Håkan Lundstedt, was present at these meetings.

Board of Directors	Present at Board meetings	Dependent/ independent*	Board member since
Fredrik Persson, Chairman	11/11	B	August 2006
Marcus Storch, Vice Chairman	11/11	B	August 2006
Wolff Huber	11/11	O	August 2006
Kenny Bräck	10/11	O	May 2007
Anders G Carlberg	10/11	B	August 2006
Helena Skåntorp	10/11	O	May 2004
Antonia Ax:son Johnson	9/11	B	August 2006

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

COMPANY MANAGEMENT

President's assignment

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

Company Management

A presentation of the Company Management is found on pages 28–29.

Remuneration to Company Management

Mekonomen's Remuneration Committee makes decisions pertaining to remuneration of the President. Håkan Lundstedt has a basic salary per month and a variable salary portion, which is based on the company's profit and can amount to a maximum of 50 per cent of the basic annual salary. Under his pension terms, payment of pension premiums is made in the amount corresponding to 25 per cent of basic salary. Other benefits take the form of a company car. Termination notice is 12 months if initiated by the Company and six months if notice is given by the employee. Severance pay of six months' salary is paid if termination is initiated by the Company.

Issues pertaining to remuneration to other senior executives are also prepared by the Remuneration Committee. The principle for remuneration is based on the senior executives being offered market-based remuneration. Thus the criteria shall be based on the significance of assignments performed, demand for competency, 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 company'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 if employment termination is initiated by the company can amount to one year's basic salary. At the 2008 Annual General Meeting, it was also decided that Company Management may also receive a cash bonus from the company. The bonus will be profit-based and calculated on the Group's profit for the 2008–2010 financial years. The bonus program, in its entirety, as a total expense for the company, may not exceed SEK 12 M for the period. The criteria for the size of an individual bonus will be established by the Board.

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

AUDITORS

The auditors are appointed by 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 specialized competency that is well-suited to Mekonomen's operations, has been the company's auditors since 1994. At the 2007 Annual General Meeting, Deloitte AB, with Authorised Public Accountant Lars Svantemark as the Auditor in Charge, was appointed the auditing firm until the 2011 Annual General Meeting. In addition to Mekonomen, Lars Svantemark is also the auditor of Uniflex, Securitas Direct and Oxford Aviation Academy. He has also previously been the auditor of Sandvik, Elekta, Poolia and A-Com. Lars Svantemark has no assignments in companies that are closely related to Mekonomen's major shareholders or President.

Remuneration to Deloitte, SEK M	2010	2009
Remuneration for audit assignment	5.6	5.2
Consulting services in addition to audit assignments	0.1	0.0
Tax advice	0.1	0.0
Other services	0.1	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 ensuring that the audit, in an efficient manner, establishes that the Group has acceptable procedures for internal control and high-quality financial reporting. With regard to the preparation of the Board's work, the Board estimates that quality assurance of the financial reporting, which is conducted within the framework of the company's own internal control, corresponds to current requirements. The company's auditors personally present their plans, risk assessments and controls, and findings from the audit at two Board meetings during the year, which additionally secures the Board's information requirement. At these meetings, the President and CFO leave after presenting their formal reports to enable the Board members to conduct discussions with the auditors without the participation of Company Management. 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/SRS's guidance to the Swedish Code of Corporate Governance. The report is limited to address internal control pertaining to financial reporting and Mekonomen has elected to only submit a description of how internal control is organised.

Control environment

The control environment represents the basis for the internal control pertaining to the 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 organizational structure provides distinct roles, responsibilities and processes that benefit the effective management of the operation's risks and facilitate target fulfilment. Part of the responsibility structure includes an obligation for the Board to evaluate the operation's performance and results on a monthly basis, through appropriate report packages containing income statements, balance sheets, analyses of important key ratios, comments pertaining to the business status of each operation and also quarterly forecasts for future periods. As a contribution to strengthening the internal control, Mekonomen prepared a financial handbook that provides an overall picture of existing policies, rules and regulations and procedures within the financial area. This is a living document, which will be updated continuously and adapted to changes within the Mekonomen operation. In addition to the financial handbook, there are instructions that provide guidance for the daily work in stores and the rest of the organisation, for example, pertaining to stock taking and cash-register reconciliation, etc.

Risk assessment

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

Control activities

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

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

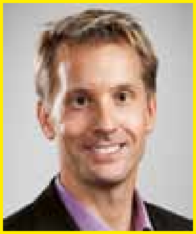
The Board continuously evaluates the information submitted by the Company Management and auditors. The CEO and CFO hold monthly reviews with individual Heads of Operations pertaining to the financial position. Group accounting also cooperates closely with the subsidiaries' controllers on matters pertaining to accounts and reporting. The follow-up and feedbacks concerning possible deviations arising in the internal controls are a key part of the internal control work since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened. At the beginning of 2011, Mekonomen established an internal audit function, which will function as an independent unit. The internal audit work will include the evaluation of work with risk management, compliance with policies, guidelines and framework, as well as efficiency in the internal audit for financial reporting.

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 Axel Johnson International AB, Axstores AB, Servera R&S AB and Svensk BevakningsTjänst AB. Vice Chairman of Swedish Trade Federation. Board member of Axel Johnson International AB, AxFast AB, Lancelot Holding AB, Novax AB, Svenska Handelsbanken Region Stockholm and Confederation of Swedish Enterprise.President of Axel Johnson AB.
Shares in Mekonomen: 1,000.
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 and Min Stora Dag foundation. Executive Vice Chairman of Axel Johnson AB and Axfood AB. Board member of NCC AB, Nordstjernan AB, the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Science (IVA).
Shares in Mekonomen: 0.
Board member since 2006.

Antonia Ax:son Johnson
Born 1943.
B.Sc., University of Stockholm.
Other assignments: Chairman of Axel Johnson AB, Axel Johnson Inc. and Axel and Margaret Ax:son Johnson Foundation. Vice Chairman of Nordstjernan AB. Board member of Axfood AB, AxFast AB, NCC AB, Axel and Margaret Ax:son Johnson Foundation for Societal Purposes, and World Childhood Foundation.
Shares in Mekonomen: 8,951,958 through companies.
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 Höganäs AB and Herenco AB. Board member of Sweco AB, Axfast AB, Beijer Alma AB, Säki AB, Axel Johnson Inc., Svenskt Stål AB (SSAB) and Sapa AB.
Shares in Mekonomen: 1,000.
Board member since 2006.

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

Helena Skåntorp
Born 1960.
Graduate in Business Administration, University of Stockholm.
Other assignments: Board member of ÅF AB (publ), 2E Group AB and Lernia AB.
Shares in Mekonomen: 2,000.
Board member since 2004.

All shareholdings are reported as at 28 February 2011.

Management

Håkan Lundstedt
President and CEO
Born 1966.
Experience: President of Lantmännen AXA AB, Cerealia Foods AB and Kungsörnen AB. Founder and Chairman of the Board of Gooh AB.
Other assignments: Board member of Servera R&S AB, Telge Tillväxt AB and Vanna AB.
Shares in Mekonomen: 45,600.
Employed 2007.

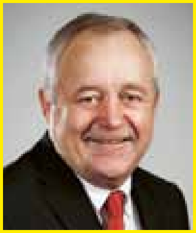
Nils-Erik Brattlund
Head of Business Establishment
Born 1951.
Experience: President of Tillbryggerier Umeå AB, Administrative Manager of the Tillbryggeri Group, President of Åreliftarna AB, President of Bilbolaget Lastbilar & Bussar, President of Bilbolaget Personbilar, General Manager of Bilia, Personnel Manager Bilia.
Shares in Mekonomen: 1,300.
Employed 2005.

Krister Duwe
Head of Operations in Sweden.
Born 1969.
Experience: Sales Director of Alcro-Beckers AB, Sales Manager of Skogaholm SE, Sales Manager for Lantmännen AXA AB.
Shares in Mekonomen: 3,345.
Employed 2010.

Lars From
Head of Operations in Denmark.
Born 1965.
Experience: Export Director of SBS, Segment Manager of Vestfrost.
Other assignments: Board member of Bested Biler A/S.
Shares in Mekonomen: 1,000.
Employed 2009.

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

Marcus Larsson
Executive Vice President.
Born 1970.
Experience: Sales Manager, Business Development Manager of the Volkswagen Group.
Shares in Mekonomen: 1,000.
Employed 2003.



Petter Torp
Head of Operations in Norway.
Born 1955.
Experience: Marketing Director of Scangross Disribution AS.
Shares in Mekonomen: 300.
Employed in 1997.

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

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

All shareholdings are reported as at 28 February 2011.

INCOME STATEMENT

SEK M	Note	2010	2009
	1		
Net sales	2	3,374	3,129
Other operating revenue		73	77
TOTAL REVENUES		**3,447**	**3,206**
OPERATING EXPENSES			
Goods for resale		–1,607	–1,530
Other external costs	4	–565	–570
Personnel expenses	5	–741	–738
Depreciation/amortisation of tangible and intangible fixed assets	6	–49	–44
EBIT		**485**	**325**
FINANCIAL INCOME AND EXPENSES			
Income from divestment of subsidiaries		0	5
Interest income		5	6
Interest expense		–3	–5
Exchange-rate difference		–2	–8
PROFIT AFTER FINANCIAL ITEMS		**485**	**323**
Tax on profit for the year	9	–134	–86
PROFIT FOR THE YEAR		**351**	**237**
Earnings per share before dilution attributable to Parent Company's shareholders, SEK*		10.95	7.38

*) No dilution is currently applicable.

GROUP COMPREHENSIVE INCOME

SEK M	2010	2009
Profit for the year	351	237
Exchange-rate difference from translation of foreign subsidiaries	–35	2
COMPREHENSIVE INCOME FOR THE YEAR	**316**	**239**
Comprehensive income for the period attributable to		
Parent Company’s shareholders	303	229
Minority owners	13	10
	316	**239**

CASH FLOW STATEMENT

SEK M	Note	2010	2009
OPERATING ACTIVITIES			
Profit after financial items		485	323
Adjusted for items not affecting liquidity	27	49	38
		534	**360**
Profit from participations in subsidiaries			
Tax paid		–99	–78
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		**435**	**283**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease(+)/increase(–) of inventories		–64	–10
Decrease(+)/increase(–) of receivables		–82	–53
Decrease(–)/increase(+) of liabilities		69	69
INCREASE(-)/DECREASE(+) RESTRICTED WORKING CAPITAL		**–77**	**6**
CASH FLOW FROM OPERATING ACTIVITIES		**358**	**289**
INVESTMENTS			
Acquisition (–) of subsidiaries	28	–79	–10
Divestment(+) of subsidiaries	28	1	3
Acquisition of fixed assets		–97	–91
Divestment of tangible fixed assets		1	6
CASH FLOW FROM INVESTING ACTIVITIES		**–174**	**–92**
FINANCING ACTIVITIES			
Amortisation (–)/loans raised (+)		67	–24
Increase(–)/decrease(+) of long-term lending		–10	–3
Dividends paid		–227	–195
CASH FLOW FROM FINANCING ACTIVITIES		**–170**	**–222**
CASH FLOW FOR THE YEAR		**14**	**–26**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**60**	**85**
Exchange-rate difference in cash and cash equivalents		0	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	**74**	**60**

Interest received amounted to SEK 5 M (6) and interest paid amounted to SEK 3 M (5).

BALANCE SHEET

SEK M	Note	31 Dec. 2010	31 Dec. 2009
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS	13		
Goodwill		281	241
Brands		5	–
Capitalised expenditure for IT systems		62	37
TOTAL INTANGIBLE ASSETS		**348**	**278**
TANGIBLE FIXED ASSETS			
Land and buildings	10	26	11
Equipment and transport	12	139	132
Leased equipment and transport	12	3	3
TOTAL TANGIBLE FIXED ASSETS		**168**	**146**
FINANCIAL FIXED ASSETS			
Other long-term receivables	15	36	28
TOTAL FINANCIAL FIXED ASSETS		**36**	**28**
Deferred tax assets	14	**3**	**6**
TOTAL FIXED ASSETS		**555**	**458**
CURRENT ASSETS			
Goods for resale		680	620
Properties held for sale	10	3	3
Current receivables	16	446	388
Cash and cash equivalents	18	74	60
TOTAL CURRENT ASSETS		**1,203**	**1,071**
TOTAL ASSETS		**1,758**	**1,529**

BALANCE SHEET

SEK M	Note	31 Dec. 2010	31 Dec. 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Share capital, (30,868,822 shares)		77	77
Other capital contributions		343	343
Translation reserve		–16	19
Profit brought forward including profit for the year		551	438
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS		**955**	**877**
Minority share of shareholders' equity		19	18
TOTAL SHAREHOLDERS' EQUITY		**974**	**895**
LONG-TERM LIABILITIES			
Leasing liabilities, interest-bearing	19	1	1
Deferred tax liabilities, interest-free	14	21	26
Other long-term liabilities	20	2	2
TOTAL LONG-TERM LIABILITIES		**24**	**29**
CURRENT LIABILITIES			
Liabilities to credit institutions, interest-bearing	21	83	26
Leasing liabilities, interest-bearing	12,21	2	3
Tax liabilities		75	49
Other current liabilities, non interest-bearing	21	600	527
TOTAL CURRENT LIABILITIES		**760**	**605**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,758**	**1,529**
MEMORANDUM ITEMS			
Pledged assets	23	92	92
Contingent liabilities	23	20	20

INCOME STATEMENT

SEK M	Note	2010	2009
	1		
Net sales	2	115	96
Other operating revenue		39	32
TOTAL REVENUES		**154**	**128**
OPERATING EXPENSES			
Goods for resale		–18	–9
Other external costs	4	–75	–79
Personnel expenses	5	–64	–64
Depreciation/amortisation and impairment of tangible and intangible fixed assets	6	–10	–9
EBIT		**–13**	**–33**
FINANCIAL INCOME AND EXPENSES			
Dividend on shares in subsidiaries		100	74
Income from divestment of shares in subsidiaries		1	1
Interest income		12	13
Interest expense		–4	–6
Exchange-rate difference		0	–1
PROFIT AFTER FINANCIAL ITEMS		**96**	**48**
Appropriations	7	–2	–6
Tax on profit for the year	9	0	8
PROFIT FOR THE YEAR		**94**	**50**

PARENT COMPANY COMPREHENSIVE INCOME

SEK M	2010	2009
Profit for the year	94	50
COMPREHENSIVE INCOME FOR THE YEAR	**94**	**50**

CASH FLOW STATEMENT

SEK M	Note	**2010**	2009
OPERATING ACTIVITIES			
Profit after financial items		96	48
Adjusted for items not affecting liquidity	27	–18	10
		77	**58**
Tax paid		–50	–47
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**27**	**11**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease(+)/increase(–) of inventories		0	0
Decrease(+)/increase(–) of receivables		237	174
Decrease(–)/increase(+) of liabilities		9	33
INCREASE(-)/DECREASE(+) RESTRICTED WORKING CAPITAL		**246**	**207**
CASH FLOW FROM OPERATING ACTIVITIES		**273**	**218**
INVESTMENTS			
Divestment(+)/acquisition(–) of subsidiaries		–32	–
Acquisition of fixed assets		–35	–23
Divestment of tangible fixed assets		0	–
CASH FLOW FROM INVESTING ACTIVITIES		**–67**	**–23**
FINANCING ACTIVITIES			
Dividends paid		–216	–185
CASH FLOW FROM FINANCING ACTIVITIES		**–216**	**–185**
CASH FLOW FOR THE YEAR		**–10**	**10**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		10	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	**0**	**10**

Interest received amounted to SEK 12 M (13) and interest paid amounted to SEK 4 M (6).

BALANCE SHEET

SEK M	Note	31 Dec. 2010	31 Dec. 2009
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS	13		
Capitalised expenditure for IT systems		62	37
		62	**37**
TANGIBLE FIXED ASSETS			
Buildings		2	–
Equipment and transport	12	8	10
		10	**10**
FINANCIAL FIXED ASSETS			
Participations in Group companies	24	280	249
		280	**249**
TOTAL FIXED ASSETS		**352**	**296**
CURRENT ASSETS, INVENTORIES, ETC.			
Goods for resale		1	1
CURRENT RECEIVABLES			
Accounts receivables		10	5
Receivables in Group companies		574	531
Tax receivables		0	2
Other receivables		0	4
Prepaid expenses and accrued income	17	93	62
TOTAL CURRENT RECEIVABLES		**677**	**604**
Cash and cash equivalents	18	0	10
TOTAL CURRENT ASSETS		**678**	**614**
TOTAL ASSETS		**1,030**	**910**

BALANCE SHEET

SEK M	Note	31 Dec. 2010	31 Dec. 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
RESTRICTED SHAREHOLDERS' EQUITY			
Share capital, (30,868,822 shares)		77	77
Statutory reserve		3	3
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**80**	**80**
NON-RESTRICTED SHAREHOLDERS' EQUITY			
Profit brought forward		619	575
Profit for the year		94	50
TOTAL NON-RESTRICTED SHAREHOLDERS' EQUITY		**713**	**625**
TOTAL SHAREHOLDERS' EQUITY		**793**	**705**
UNTAXED RESERVES		**146**	**144**
PROVISIONS	20	**2**	**2**
CURRENT LIABILITIES			
Accounts payable		27	25
Liabilities to Group companies		3	5
Tax liabilities		22	–
Other liabilities		8	2
Accrued expenses and deferred income	22	29	27
TOTAL CURRENT LIABILITIES		**89**	**59**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,030**	**910**
MEMORANDUM ITEMS			
Pledged assets	23	**92**	**92**
Contingent liabilities	23	**20**	**20**

GROUP

SEK M	Share capitall	Other capital contributions	Translation reserve	Profit brought forward	Total attributable to Parent Company shareholders	Of which, minority share	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2009	**77**	**343**	**17**	**396**	**833**	**18**	**851**
Translation difference pertaining to foreign operations			2		2		2
Profit for the year				227	227	10	237
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**227**	**227**	**10**	**237**
Dividends				–185	–185	–10	–195
Acquisition/divestment of non-controlling interests						0	0
CLOSING BALANCE ON 31 DECEMBER 2009	**77**	**343**	**19**	**438**	**877**	**18**	**895**
OPENING BALANCE ON 1 JANUARY 2010	**77**	**343**	**19**	**438**	**877**	**18**	**895**
Translation difference pertaining to foreign operations			–35		–35	0	–35
Profit for the year				338	338	13	351
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**–35**	**338**	**303**	**13**	**316**
Dividends				–216	–216	–11	–227
Acquisition/divestment of non-controlling interests				–9	–9	–1	–10
CLOSING BALANCE ON 31 DECEMBER 2010	**77**	**343**	**–16**	**551**	**955**	**19**	**974**

Number of shares at 31 December 2010 amounted to 30,868,822.

PARENT COMPANY

SEK M	Share capital	Statutory reserve	Profit brought forward	Total shareholders' equity
OPENING BALANCE ON 1 JANUARY 2009	**77**	**3**	**615**	**695**
Group contribution received			197	197
Tax on Group contribution received			–52	–52
Dividends			–185	–185
Total comprehensive income for the year			50	50
CLOSING BALANCE ON 31 DECEMBER 2009	**77**	**3**	**625**	**705**
Group contribution received			285	285
Tax on Group contribution received			–75	–75
Dividends			–216	–216
Profit for the year			94	94
CLOSING BALANCE ON 31 DECEMBER 2010	**77**	**3**	**713**	**793**

NOTE 1 Accounting policies

ACCOUNTING AND VALUATION POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) for application as of 31 December 2010. 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.

The Group's main accounting policies are described below.

Amended accounting policies 2010

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements have been amended for financial years beginning 1 July 2009 or later. These standards will be applied prospectively, which means that they will only impact acquisitions and transactions that occur on 1 January 2010 or later. The amendments imply that transactions with minority shareholders, where control is retained, shall be recognised as transactions between shareholders (within shareholders' equity). Furthermore, the regulations for reporting contingent considerations have been amended so that the cost for an acquisition will be recognised at a single point in time. The subsequent adjustments of the cost will impact profit and loss. Acquisition-related costs may not be included in the cost for a business acquisition, but are recognised as an expense in the profit and loss. The approach to recognising step acquisitions has been amended, which means that at the transaction date (when control is obtained), the fair value is calculated on previously owned shareholdings. The cost will thus constitute the fair value of the previously owned shareholding plus the purchase consideration for the newly acquired shareholdings. Any value changes pertaining to the previously owned shareholding are recognised as profit and loss. For Mekonomen, these amendments have entailed that acquisitions of non-controlling interest shares will now be recognised in shareholders' equity, and acquisition-related costs will be recognised as an expense in profit and loss.

From 1 January 2010, three interpretations from IFRIC have been added. IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 17 Distributions of Non-Cash Assets to Owners, and IFRIC 18 Transfers of Assets from Customers. In 2010, IASB made amendments to IAS 39, IFRS 1 and 2, as well as improvements to IFRS for 2009.

Improvements of IFRS for 2009 comprise an amendment package with improvements to 12 different standards and interpretations. The amendments that have gained legal force and apply for the 2010 financial year are:

- Application areas for IFRS 2 and IFRS 3 (2008)
- IFRS 5 Disclosures classified as non-current assets (or disposal groups) held for sale and discontinued operations
- IFRS 8 Disclosures of information about segment assets
- IAS 1 Current/Non-current classification of convertible instruments
- IAS 7 Classification of expenditures as unrecognised assets
- IAS 17 Classification of leases of land and buildings
- IAS 36 Largest cash-generating unit in goodwill impairment testing
- IAS 38 Additional consequential amendments arising from revised IFRS 3 (2008). Measuring the fair value of an intangible asset acquired in a business combination
- IAS 39 Treating loan prepayment penalties as closely related embedded derivatives
- IAS 39 Application area - scope exemption for business combination contracts
- IAS 39 Cash flow hedge accounting - reclassification of other comprehensive income to revenue
- IAS 39 Hedging through the use of internal agreements
- IFRIC 9 Application areas for IFRIC 9 and IFRS 3 (2008)
- IFRIC 16 Amendment to the restriction on the entity that can hold hedging instruments

The improvements to IFRS 2009 have not had any impact on the Group's financial statements for 2010.

The new interpretations IFRIC 15, 17 and 18, as well as the amendments to IAS 39 and IFRS 1, 2 and 7 will not have any impact on Mekonomen Group's income statement and balance sheets.

Amended accounting policies 2011

The new or amended standards and interpretations that will come into effect in 2011 have not been applied in advance in the preparation of these financial statements. New or amended standards that will be applicable after the 2011 financial year are not planned for advance application.

IAS 32 Financial Instruments has been amended for the financial year commencing 1 February 2010 or later. IFRS 1 First time adoption of IFRS has been amended for financial years commencing 1 July 2010 or later, and IAS 24 Related Party Disclosures has been amended for financial years commencing 1 January 2011 or later. In addition to IFRS 1 and IAS 32, amendments have been made to IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments and IFRIC 14 The Limit on a Defined Benefit Asset.

IFRS 1 First time adoption of IFRS and IFRS 7 Financial Instruments has been amended for financial years beginning on 1 July 2011 or later. It is deemed that the stated amendments will not have any significant impact on the Mekonomen Group's income statement and balance sheet, cash-flow statement and shareholders' equity.

Significant portions of IFRS 9 Financial Instruments, which will replace IAS 39, have been approved but will not gain legal force until 2013 at the earliest. Consequently, the effects of the standard are not yet known.

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 consolidated accounts were prepared in accordance with the purchase method, meaning that the carrying amount of shares in subsidiaries of the Parent Company is eliminated against shareholders' equity, including the proportion of equity contained in the untaxed reserves of each Group company. The purchase consideration for business acquisitions is valued at fair value on the date of acquisition, which is calculated as the total of the fair values on the date of the acquisition for paid assets, liabilities arising or overtaken, as well as issued equity shares in exchange for control of the acquired business. Acquisition-related costs are recognised in profit and loss when they arise. If applicable, the accounting records of subsidiaries are adjusted to comply with the same policies that apply for the other Group companies. All internal transactions between Group companies and intercompany transactions were eliminated during the preparation of the consolidated financial statements.

Changes in the Parent Company's participation in a subsidiary that do not result in a loss of controlling influence are recognised as equity transaction (meaning, transactions with the Group's owner). Possible differences between the amount by which the non-controlling Interest has been adjusted and the fair value of the paid or received compensation is recognised directly against shareholders' equity and distributed among the Parent Company's shareholders.

Translation of transactions in foreign currency

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

Translation of foreign subsidiaries

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

Segment reporting

The Mekonomen Group uses geographic regions as segments, since the Group's organisation and control is based on geographical division. This division is the basis used by the chief operating decision-maker to monitor the organisation. The regions consist of each country, Sweden, Norway and Denmark. Other Segments comprise the Parent Company, Mekonomen Fleet AB, Speedy Autoservice AB, Finland as well as Group-wide and eliminations.

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

Revenue recognition

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

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

Leasing

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

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. 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 and loss. Lease fees that are paid during operating lease agreements are systematically expensed over the leasing period.

Remuneration to employees

The Group has both defined-contribution and defined-benefit pension plans. A defined-benefit pension plan is a pension plan that 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 or government 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. 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. Accumulated actuarial gains and losses, outside the so-called corridor, are recognised in profit and loss as revenues or expenses, distributed over the employee's average remaining estimated period of employment until retirement.

The corridor represents the higher of 10 per cent of the present value of the defined-benefit pension obligation and 10 per cent of the value of the plan assets. Expenses pertaining to employment during previous periods are recognised directly in profit and loss unless changes in the pension plan are subject to the employees remaining in service during a stipulated period. In such cases, the expense pertaining to the employment period from previous periods will be distributed according to the straight-line method over the vesting period. Expenses for service during the present period are recognised as personnel expenses.

One of the Group's defined-benefit pension plans comprises a multi-employer defined-benefit pension plan (the ITP plan at 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 the reason why the ITP plan is recognised as a defined-contribution plan in accordance with IAS 19.30.

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

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

Tax

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

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

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

Goodwill

Goodwill comprises the amount by which the cost exceeds the fair value of the Group's portion of the acquired subsidiary's identifiable net assets on the date of acquisition. If in conjunction with the acquisition, the fair value of the acquired assets, liabilities and contingent liabilities exceeds the cost, the surplus is recognised directly in income in profit and loss. Goodwill has an indefinite useful life and is recognised at cost. 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. Goodwill is allocated to the smallest cash-generating unit.

Other intangible assets

Expenditure for the development and implementation of IT systems can be capitalised if development costs are estimated to exceed SEK 1 M. An individual assessment is conducted on each occasion. Capitalisation is permissible 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.

Brands that may be identified as surplus values in connection with acquisition are recognised at cost, with deduction for accumulated depreciations and possible impairment losses. Depreciation of brands is recognised as an expense so that the asset's value is depreciated according to the straight-line method over its estimated useful life.

Tangible fixed assets

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

FIXED ASSETS	Per cent
Land improvements and permanent equipment in buildings	5–10
Equipment	10–15
Vehicles	20
Servers	20
Workplace computers	33

Impairment losse

At each accounting period, an assessment is made to determine whether there is any indication that an impairment loss should be recognised on any of the Group's assets. If there is such an indication, the asset's recoverable value is established. The recoverable value is deemed to be the higher of the asset's value in use in operations and the value that would be received if the asset were to be divested to an independent party, that is, the asset's net realizable value. The value in use is the present value of all inward and outward payments attributable to the asset during the period in which it is expected to be utilised in operations, plus the present value of the net realisable value at the end of its useful life. If the calculated recoverable value is less than the carrying amount, the asset is impaired to its recoverable value. Impairment losses are recognised in profit and loss in the period in which they are determined. With regard to goodwill items, an impairment test is conducted at least once a year. Refer also to Note 13 for information on how this test is performed.

Assets held for sale

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

Inventories

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

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

Financial instruments

Financial assets recognised as assets in the balance sheet include loan receivables, accounts receivable and cash and cash equivalents. Liabilities in the balance sheet include long-term and short-term loans and accounts payable. A currency derivative is recognised either as an asset or liability, depending on changes in the exchange rate. A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contractual conditions of the instrument. 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 valuation 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 and 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 foreign-exchange 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 and loss.

Accounts payable

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

Loans

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

Share capital

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

CASH-FLOW STATEMENT

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

PARENT COMPANY ACCOUNTING POLICIES

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

Amended accounting policies

Participations in subsidiaries are recognised in accordance with the cost method. Acquisitions-related expenses for subsidiaries, which are recognised in the consolidated accounts, are included as part of the cost for participations in subsidiaries. The carrying amount for participations in subsidiaries is tested for impairment when there are indications of an impairment requirement

Amended accounting policies

The amendments in RFR 2 Accounting for Legal Entities, which gained legal force and apply for the 2010 financial year, entailed a change to the presentation format for the Parent Company. The Parent Company's revenues and expenses, which were previously recognised in shareholders' equity and were not considered transactions with owners, are now presented in the total comprehensive income directly after the Parent Company's income statement. In the Parent Company's statement of changes in shareholders' equity, items in total comprehensive income are presented separately from transactions with shareholders.

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

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 and loss for individual companies under the heading "Appropriations." The accumulated value of provisions are recognised in the balance sheet under the heading "Untaxed reserves," of which 26.3 per cent Is regarded as deferred tax liabilities and 73.7 per cent as restricted shareholders' equity.

Reporting of Group contributions

Mekonomen recognises Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board, URF 2. Shareholders' contributions are recognised directly against non-restricted shareholders' equity with the receiver and as an increase in the item "participations in Group companies" with the provider. Group contributions that are paid and received with the aim of minimising the Group's tax payments are recognised as a reduction or increase in non-restricted shareholders' equity.

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.

NOTE 2 Reporting of geographic segments

	Sweden		Norway		Denmark		Other**		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
REVENUES										
External net sales	1,708	1,550	817	731	777	816	73	32	3,374	3,129
Internal revenues	724	728	1	1	0	0	–725	–729	–	–
Other revenues	32	42	7	5	0	4	33	26	73	77
TOTAL REVENUES	**2,464**	**2,320**	**825**	**737**	**777**	**820**	**–619**	**–671**	**3,447**	**3,206**
EBIT	**310**	**261**	**144**	**114**	**45**	**5**	**–14**	**–56**	**485**	**325**
Assets	864	763	220	213	353	401	–96	–73	1,341	1,304
Undistributed assets							417	225	417	225
TOTAL ASSETS	**864**	**763**	**220**	**213**	**353**	**401**	**321**	**152**	**1,758**	**1,529**
Liabilities	873	758	95	104	183	243	–297	–466	854	639
Undistributed liabilities							–70	–5	–70	–5
TOTAL LIABILITIES	**873**	**758**	**95**	**104**	**183**	**243**	**–366**	**–471**	**784**	**634**
Investments, tangible assets	47	33	6	10	8	25	10	3	68	71
Investments, IT systems							29	20	29	20
Depreciation (tangible assets)	22	17	6	5	12	12	5	9	44	44
Average number of employees for the period	774	738	251	243	358	398	79	51	1,462	1,430
Number of own stores	110	103	32	31	37	38	3		182	172
Number of partnership stores	30	31	15	16	3	1			48	48
NUMBER OF STORES IN THE CHAIN	**140**	**134**	**47**	**47**	**40**	**39**	**3**	**0**	**230**	**220**
KEY FIGURES										
EBIT margin, %*	18	16	18	16	6	1			14	10
Sales increase, %	6	20	12	16	–5	15			8	19
Sales/employee, SEK 000s (converted into one-year balance)	3,183	3,144	3,287	3,033	2,170	2,060			2,358	2,242
Operating profit per employee, SEK 000s (converted into one-year balance)	408	354	586	469	131	13			334	227

*) When calculating the EBIT margin for the segments, internal sales were excluded.
**) Others comprise Mekonomen AB, Mekonomen Fleet AB, Speedy Autoservice AB, Finland, as well as Group-wide and eliminations.

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 2010 annual accounts, and which had the greatest impact on results and assets and liabilities, are discussed below.

GOODWILL

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

PROPERTIES FOR SALE

During 2007, the majority of the Group's properties were sold. During 2008, five of the remaining seven properties were sold. One additional property was divested in 2009 and the remaining property is still classed as property for sale, since the decision to sell remains and activities to implement this are in progress.

COMPANY ACQUISITIONSV

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

In respect of the type of operations acquired by Mekonomen, it is highly unusual that the above-mentioned types of intangible assets can be identified. The only assets that could be suitable are customer relations and brands, but these are normally not so strong as to be considered justifiable to recognise as assets separate from goodwill. However, an examination is conducted in connection with each acquisition. The remaining surplus value is allocated to goodwill.

NOTE 4 Audit expenses

	GROUP		PARENT COMPANY	
	2010	2009	**2010**	2009
DELOITTE AB				
Audit assignment	6	5	1	1
Audit activities other than consulting services	0	0	0	0
Tax consulting service	0	0	0	–
Other services	0	0	0	–
TOTAL	**6**	**5**	**1**	**1**

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

AVERAGE NUMBER OF EMPLOYEES	2010 No. of employees	2010 Of whom, men %	2009 No. of employees	2009 Of whom, men %
PARENT COMPANY				
Sweden	58	76	47	77
TOTAL IN PARENT COMPANY	**58**	**76**	**47**	**77**
SUBSIDIARIES				
Sweden	792	79	742	84
Denmark	358	85	398	84
Norway	251	84	243	88
Finland	3	75		
TOTAL IN SUBSIDIARIES	**1,404**	**82**	**1,383**	**85**
GROUP TOTAL	**1,462**	**81**	**1,430**	**85**

SALARIES, REMUNERATION, ETC., SEK 000S	2010 Salaries and other remuneration	2010 Soc. security expenses (of which pension costs)	2009 Salaries and other remuneration	2009 Soc. security expenses (of which pension costs)
Parent Company	39,802	19,650	42,658	18,639
		(4,978)		(3,952)
Subsidiaries	549,125	130,203	543,396	120,559
		(32,426)		(35,029)
GROUP TOTAL	**588,927**	**149,853**	**586,054**	**139,198**
		(37,404)		**(38,981)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN THE PRESIDENT AND BOARD MEMBERS AND OTHER EMPLOYEES, SEK 000S	2010 Board and President* (of which bonus, etc.)	2010 Other employees**	2009 Board and President* (of which bonus, etc.)	2009 Other employees**
PARENT COMPANY				
Mekonomen AB	7,454	32,348	7,088	35,570
	(2,010)	(2,754)	(1,890)	(12,484)
TOTAL IN PARENT COMPANY	**7,454**	**32,348**	**7,088**	**35,570**
	(2,010)	**(2,754)**	**(1,890)**	**(12,484)**
SUBSIDIARIES IN SWEDEN	25,631	236,149	22,505	211,939
	(2,706)	(2,577)	(2,350)	(1,456)
SUBSIDIARIES ABROAD				
Denmark	2,572	162,024	2,028	194,808
	(255)	(0)	(143)	(0)
Norway	17,625	104,155	15,696	96,420
	(329)	(1,400)	(590)	(836)
Finland	–	969	–	–
	–	(–)	–	–
TOTAL IN SUBSIDIARIES	**45,828**	**503,297**	**40,229**	**503,167**
	(3,290)	**(3,977)**	**(3,083)**	**(2,292)**
GROUP TOTAL	**53,282**	**535,645**	**47,317**	**538,737**
	(5,300)	**(6,731)**	**(4,973)**	**(14,776)**

*) Remuneration to the Board of Directors and President includes the Parent Company and, where appropriate, subsidiaries in respective countries.
**) The amount for Mekonomen AB includes cost of SEK 12 M for the 2008–2010 bonus programme for company management.

REMUNERATION TO 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 1,360,000 (1,360,000) was approval in accordance with the resolution of the 2010 Annual General Meeting. Of this amount, SEK 320,000 (320,000) represents fees to the Chairman of the Board and SEK 240,000 (240,000) fees to the Vice Chairman.

No fees are paid to the Boards of other subsidiaries.

The President, Håkan Lundstedt, has a basic salary of SEK 335,000 per month and a variable salary portion, which is based on the company's profits and can amount to a maximum of 50 per cent of the basic annual salary. Pension provisions are paid in an 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. In the case of termination on the part of the company, severance pay amounting to six months' salary is paid. For other senior executives, remuneration is paid in accordance with the policies approved by the 2010 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 components:
- fixed basic salary, variable remuneration, pension benefits, other benefits and termination terms. The variable remuneration for 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 based on the ITP plan. Pensionable salary refers to the basic salary. Severance pay for termination on the part of the company can total a maximum of one annual salary. Matters pertaining to remuneration to Company management shall be decided on by the Board of Directors. At the 2008 Annual General Meeting, it was also resolved, upon approval by the Board of Directors, that company management may receive a cash bonus from the company. The bonus shall be profit-based and calculated on the Group's profit for 2008–2010 financial years. The bonus program, in its entirety, as a total expense for the company, shall amount to a maximum of SEK 12 M for the period. The criteria for the size of an individual bonus shall be determined by the Board of Directors. During 2009, the cost for this bonus programme totalling SEK 12 M was taken in its entirety and charged against profit for the year. However, the distribution between company management members is not yet finalised. The payment will occur in 2011. The Board of Directors Intends to propose that the 2011 Annual General Meeting approve the continued application of these guidelines, and, in addition, a new profit-based bonus programme for management 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.

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 2010 financial year, the company did not have access to such information that made it possible to report this plan as a defined-benefit plan. ITP pension plans that are secured through insurance with Alecta are therefore reported as defined-contribution plans. The annual fees for pension policies signed with Alecta amounted to SEK 2 M (2). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2010, Alecta's surplus, in the form of the collective consolidation level, amounted to 143 per cent (141). The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial calculation commitments, which are not in agreement with IAS 19.

EXECUTIVES/OCCUPATION CATEGORY	Basic salary	Bonus	Board fees	Other benefits	Pension premiums
Fredrik Persson, Chairman of the Board			320 (320)		
Marcus Storch, Vice Chairman of the Board			240 (240)		
Antonia Ax:son Johnson, Board member			160 (160)		
Kenny Bräck, Board member			160 (160)		
Anders G Carlberg, Board member			160 (160)		
Wolff Huber, Board member			160 (160)		
Helena Skåntorp, Board member			160 (160)		
President	4,084 (3,838)	2,010 (1,890)		66 (49)	1,166 (964)
Other senior executives, 10*	11,338 (13,850)	1,754 (2,093)		593 (1,102)	2,594 (2,854)
TOTAL	**15,422** (17,688)	**3,764** (3,983)	**1,360** (1,360)	**659** (1,151)	**3,760** (3,818)

*) During the year, the management group consisted of a total of 10 individuals, in addition to the President. At 31 December, 2010, the management group comprised nine members, including the President. The amounts in parentheses pertain to 2009.

Of all the company's senior executives, two are women. At year-end, the number of senior executives was nine, who also comprised the Group's management team. In addition to the President, this group included the Head of marketing and commodities, HR Manager, CFO, Establishment Manager, as well as the Heads of Operations for Norway, Denmark, Sweden and Mekonomen Fleet. As of January 2011, Marcus Larsson, previously Head of marketing and commodities, will assume the position of Executive Vice President for the Group.

	Parent Company	
SICK LEAVE, %	**2010**	2009
Age category: 29 years or younger	–	–
Age category: 30 - 49 years	0.9	1.0
Age category: 50 years or older	0.2	1.2
Total	**0.8**	**2.6**
Women	0.4	0.9
Men	0.9	3.1
Of which, long-term sick leave	0.0	1.6

The proportion of employees in the 29 years and younger age category is too small to enable the preparation of a detailed specification.

NOTE 6 Depreciation/amortisation of tangible and intangible fixed assets

	Group		Parent Company	
	2010	2009	**2010**	2009
Planned depreciation of tangible fixed assets	44	39	5	4
Depreciation, brands	0	–	–	–
Depreciation of capitalised expenditure for IT systems	5	5	5	5
TOTAL DEPRECIATION ACCORDING TO PLAN	**49**	**44**	**10**	**9**

NOTE 7 Appropriations

	Parent Company	
	2010	2009
Reversal of tax allocation reserve	9	1
Changes in excess depreciation	–11	–7
Total appropriations	**–2**	**–6**

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

	Group		Parent Company	
NET PROFIT/NET LOSS	**2010**	2009	**2010**	2009
Of which, financial instruments categorised as:				
Held for trading, derivatives	6	–10	6	–8
Accounts receivable, impairments	–1	–9	0	0

NOTE 9 Tax on profit for the year

	Group		Parent Company	
CURRENT TAX	**2010**	2009	**2010**	2009
Sweden	–99	–66	–75	–44
Other countries	–44	–33		–
TOTAL CURRENT TAX	**–143**	**–99**	**–75**	**–44**
Changes in deferred tax temporary differences	9	13		–
Tax on Group contributions, net	–	–	75	52
RECOGNISED TAX EXPENSES	**–134**	**–86**	**0**	**8**
TAX ON PROFIT FOR THE YEAR				
Recognised profit before tax	485	323	96	42
Tax according to applicable tax rate	–130	–87	–25	–11
Tax on standard interest on tax allocation reserves	–1	–1	–1	–1
Tax effects on expenses that are not tax deductible				
Other non-deductible expenses	–3	–1	0	0
Other non-taxable revenue	0	1	26	20
Effects on adjustments from the preceding year	–	3	–	–
RECOGNISED TAX EXPENSES	**–134**	**–86**	**0**	**8**

NOTE 10 Buildings and land

	Improvement costs, third-party propertyt	
	Group	Parent Company
OPENING COST, 1 JANUARY 2009	**5**	**–**
Purchase, rebuilding and extensions, conversions	8	–
OPENING COST, 1 JANUARY 2010	**13**	**–**
Purchase, rebuilding and extensions, conversions	19	2
CLOSING COST, 31 DECEMBER 2010	**32**	**2**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY 2009	**–1**	**–**
Depreciation according to plan for the year	–1	–
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY 2010	**–2**	**–**
Depreciation according to plan for the year	–3	0
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2010	**–5**	**2**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN, 31 DECEMBER 2010	**26**	**2**

The Improvement amounts are depreciated by 5–10 per cent based on the calculated financial service life or based on the length of the rental contract.

PROPERTIES HELD FOR RESALE PROPERTY/CITY/COUNTRY	Initial value	Revaluation during the year	Carrying amount	Date of reclassification as properties held for resale
Tunnbindaren 4, Växjö, Sweden	3		3	January 2007
	3	**0**	**3**	

TAX ASSESSMENT VALUE, PROPERTIES	31 Dec. 2010 Buildings	31. Dec 2010 Of which,land	31 Dec. 2009 Buildings	31 Dec. 2009 Of which, land
Tax assessment value, Sweden	3	1	3	1

During 2007, the majority of the Group's properties were divested, six of the remaining seven were classed as "property held for resale" at 31 December 2007. During 2008, five of the remaining properties were divested and one more in 2009. The remaining property is classified as "property held for resale" since it is still for sale.

NOTE 11 Classification of financial assets and liabilities 2010

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

During the year, value changes on short-term investments had no impact on the income statement.

NOTE 11 Classification of financial assets and liabilities 2009

	Loan receivables and accounts receivables	Other liabilities	Derivative instrument	Non-financial assets/ liabilities	Total
	Amortised cost	Amortised cost	Fair value		
ASSETS					
Intangible fixed assets	–	–	–	278	278
Tangible fixed assets	–	–	–	146	146
Deposits paid	6	–	–	–	6
Hire-purchase contract	22	–	–	–	22
Deferred tax assets	–	–	–	6	6
Inventories	–	–	–	620	620
Accounts receivables	265	–	–	–	265
Other current receivables	–	–	–	27	27
Properties for sale	–	–	–	3	3
Other assets (derivatives)	–	–	1	–	1
Prepaid expenses and accrued income	–	–	–	96	96
Cash and cash equivalents	60	–	–	–	60
TOTAL ASSETS	**353**	**0**	**1**	**1,176**	**1,529**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	–	–	–	892	892
Provisions	–	–	–	2	2
Long-term liabilities	–	–	–	29	29
Current liabilities	–	–	–	84	84
Liabilities to credit institutions	–	26	–	–	26
Accounts payable	–	268	–	–	268
Current tax liabilities	–	–	–	52	52
Other liabilities (derivatives)	–	–	0	–	0
Accrued expenses and deferred income	–	–	–	177	177
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**0**	**294**	**0**	**1,236**	**1,529**

During the year, value changes on short-term investments had no impact on the income statement.

NOTE 12 Equipment and transport

	Equipment, transport	Leasing	Total
OPENING COST, 1 JANUARY 2009	**344**	**21**	**365**
Purchases	63	4	67
Sales/disposals	–19		–19
Exchange-rate fluctuations	–3	–	–3
OPENING COST, 1 JANUARY 2010	**385**	**25**	**410**
Purchases	56	4	60
Sales/disposals	–21		–21
Exchange-rate fluctuations	–16		–16
CLOSING ACCUMULATED COST, 31 DECEMBER 2010	**404**	**29**	**433**
OPENING DEPRECIATION, 1 JANUARY 2009	**–232**	**–18**	**–250**
Sales/disposals	15	–	15
Exchange-rate fluctuations	3	–	3
Depreciation for the year	–39	–4	–43
OPENING DEPRECIATION, 1 JANUARY 2010	**–253**	**–22**	**–275**
Sales/disposals	17		17
Exchange-rate fluctuations	8		8
Depreciation for the year	–37	–4	–41
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2010	**–265**	**–26**	**–291**
CARRYING AMOUNT, 31 DECEMBER 2010	**139**	**3**	**142**

LEASING

Leasing contracts refer to the leasing of distribution vehicles in Sweden and Norway and forklifts in Denmark.

	2010	2009
Leasing expenses for the year	10	8

FUTURE LEASING FEES FOR IRREVOCABLE LEASING CONTRACTS FALLING DUE FOR PAYMENT:	2010	2009
Within one year	153	108
Later than one year but within five years	412	395
After five years	163	129
	728	**632**

Of the future leasing fees, leased premises represent SEK 714 M (611).

EQUIPMENT AND TRANSPORT	Parent Company 2010	2009
OPENING COST	**43**	**40**
Purchases	4	3
Sales/disposals	0	0
CLOSING ACCUMULATED COST	**47**	**43**
Opening depreciation	–33	–29
Sales/disposals	0	0
Depreciation for the year	–5	–4
CLOSING ACCUMULATED DEPRECIATION	**–38**	**–33**
CARRYING AMOUNT	**8**	**10**

NOTE 13 **Intangible fixed assets**

	Goodwill	Brands	IT investments in Parent Company	Total
OPENING COST, 1 JANUARY 2009	**232**	**–**	**34**	**267**
Acquisitions	5	–	20	25
Divestments	–1	–	–	–1
Translation differences, currency	5	–	–	5
OPENING COST, 1 JANUARY 2010	**241**	**–**	**54**	**296**
Acquisitions	48	5	29	83
Divestments	–			0
Translation differences, currency	–8			–8
CLOSING ACCUMULATED COST, 31 DECEMBER 2010	**281**	**5**	**84**	**371**
OPENING ACCUMULATED DEPRECIATION, 1 JANUARY 2009	**0**	**–**	**–12**	**–12**
Depreciation according to plan for the year	0	–	–5	–5
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2010	**0**	**–**	**–17**	**–17**
Depreciation according to plan for the year	0	0	–5	–5
CLOSING ACCUMULATED DEPRECIATION, 31 DECEMBER 2010	**0**	**0**	**–22**	**–22**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN, 31 DECEMBER 2010	**281**	**5**	**62**	**348**

The carrying amount of goodwill is partly attributable to the wholesale operation and partly to Mekonomen's stores in Sweden, Norway and Denmark, as well as the acquisition of Speedy. The amount is divided into SEK 40 M, SEK 214 M and SEK 27 M, respectively. The division of SEK 214 M according to countries is as follows: Sweden SEK 140 M, Norway SEK 56 M and Denmark SEK 18 M. The brand pertains to the acquisition of the FG Skandinavia and Speedy Autoservice AB businesses.

TESTING IMPAIRMENT REQUIREMENT OF INTANGIBLE FIXED ASSETS

The assessment of the value of the Group's goodwill items was based on the value in use of the cash-generating units. For Mekonomen, this unit means an individual store; in some cases several stores are included in one company and an assessment of the individual company as a whole is conducted. In addition to individual stores, part of the Group's goodwill is attributable to Mekonomen Grossist AB. The value in use is based on the cash flow that the unit is expected to generate in the Group in the future. The future cash flow used in the calculation of each unit's value in use is based on the 2011 business plan for each unit. Subsequently, the cash flows will be based on the unit's business plan, which extends to 2014.

The forecast after 2014 is based on growth of 2 per cent. The present value of the forecasted cash flows is calculated by applying a discount rate of 10 per cent after tax. The conditions that apply for the various markets in which Mekonomen is active do not deviate significantly from each other, which is why the same rate is used for all units. With a discount factor of 10 per cent after tax, the value in use for all of the units will exceed the carrying amount. In this type of calculation, assessments and assumptions from company management are included. The future cash flows of several units are based on similar assumptions. Important assumptions, which when changed have a major impact on the cash flow, are assumptions on future price and volume developments. In the plans that form the basis for cash flows, company management assumes that the price development will amount to only a few per cent annually. The volume trend is calculated to be between 2.0 and 5.0 per cent annually up to 2014, meaning a more cautious assumption than Mekonomen's target of 10 per cent growth. Price and volume developments vary a total of between 2 and 5 per cent. Assessments are conducted taking into account the trends in the most recent years. Company management estimates that, even taking into account reasonable deviations from assumed prerequisites, the recoverable value will not decrease to such an extent that it is less than the carrying amount.

NOTE 14 **Deferred taxes**

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

TAX ASSETS, LOSS CARRYFORWARDS	Opening balance, 1 Jan. 2009	Recognise-das income during 2009	Other changes in 2009	Closing balance 31 Dec. 09
Deferred tax assets, Norway	4	–	1	5
Estimated tax on reversed net asset goodwill	–1	0	–	–1
Translation differences, currency	0	–	1	1
TOTAL TAX ASSETS, 31 DECEMBER 2009	**3**	**0**	**2**	**6**
TAX ASSETS, LOSS CARRYFORWARDS	1 Jan. 2010	2010	2010	31 Dec. 2010
Deferred tax assets, Norway	5	–	–4	1
Estimated tax on reversed net asset goodwill	–1	–1	–	–2
Adjustment to prior years	–	–	4	4
Translation differences, currency	1	–	0	0
TOTAL TAX ASSETS, 31 DECEMBER 2010	**6**	**–1**	**0**	**3**
TAX LIABILITIES	1 Jan. 2009	2009	2009	31 Dec. 2009
Untaxed reserves	67	–12	–	55
Surplus value on fixed assets	0	–	–	0
Estimated tax on reversed net asset goodwill	12	2	–	14
Deferred tax asset, deficit, Denmark	–2	1	–	–1
Temporary tax benefits from inter-company profits	–23	–2	–	–25
Other	–17	0	–	–17
Translation differences, currency	0	–	–	0
TOTAL TAX LIABILITIES, 31 DECEMBER 2009	**37**	**–11**	**0**	**26**

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

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

NOTE 15 Other long-term receivables

	GROUP	
	2010	2009
Rental deposits paid	6	6
Hire-purchase contract	30	22
Other receivables	0	0
TOTAL OTHER LONG-TERM RECEIVABLES	**36**	**28**

Impairment of long-term receivables amounted to SEK 1 M (0) during the year.

NOTE 16 Current receivables

	GROUP	
	2010	2009
Accounts receivables	287	265
Other receivables	18	27
Prepaid expenses and accrued income	141	96
TOTAL	**446**	**388**

ACCOUNTS RECEIVABLES, GROUP	Accounts receivables 2010	2009
Accounts receivables	308	287
Provisions for bad debts	–21	–22
TOTAL ACCOUNTS RECEIVABLES	**287**	**265**

	Provisions for bad debts 2010	2009
Provision for bad debts at the beginning of the year	–22	–16
Net change in provision	–2	–9
Recovered prior impairment losses	3	3
TOTAL PROVISIONS FOR BAD DEBTS	**–21**	**–22**

RECEIVABLES THAT ARE DUE BUT NOT IMPAIRED	2010	2009
Accounts receivables		
Receivables due between 0–30 days	79	72
Receivables due between 31–60 days	7	8
Receivables due longer than 61 days	5	15
	91	**95**

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

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	2010	2009	**2010**	2009
Prepaid rents	27	20	2	2
Prepaid leasing fees	0	0	–	–
Prepaid insurance	2	1	0	0
Accrued supplier bonus	80	59	73	53
Other interim receivables	32	16	18	7
TOTAL	**141**	**96**	**93**	**62**

NOTE 18 Cash and cash equivalents

	Group		Parent Company	
	2010	2009	**2010**	2009
Cash and bank balances	74	60	0	10
CASH AND CASH EQUIVALENTS	**74**	**60**	**0**	**10**

NOTE 19 Long-term liabilities to credit institutions and leasing companies

	Group	
	2010	2009
SWEDEN		
Liabilities to leasing companies	1	1
TOTAL LONG-TERM LIABILITIES, INTEREST-BEARING	**1**	**1**

NOTE 20 Provisions

In conjunction with the divestment of the Group's properties in 2007, a guarantee provision totalling SEK 3 M was made in the Parent Company pertaining to consulting responsibility for property inspections performed.

In 2009, this provision was reduced by SEK 1 M and amounted to SEK 2 M at 31 December 2010. Mekonomen's guarantee commitment totalled SEK 22 M and the remaining SEK 20 M is recognised as a contingent liability in memorandum items.

NOTE 21 Current liabilities

	Group	
	2010	2009
Overdraft facility	83	26
Liabilities to leasing companies	2	3
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**85**	**29**
Accounts payable	374	307
Other liabilities	44	43
Accrued expenses and deferred income	182	177
TOTAL CURRENT LIABILITIES, INTEREST-BEARING	**600**	**527**

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	2010	2009	**2010**	2009
Accrued salaries	22	22	16	15
Accrued holiday pay	71	69	4	3
Accrued social security contributions	36	33	8	7
Accrued bonus/contract expense	20	14	–	–
Other interim liabilities	33	39	1	2
TOTAL	**182**	**177**	**29**	**27**

NOTE 23 Memorandum items

PLEDGED ASSETS	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Property mortgages, subsidiaries	92	92	92	92
TOTAL	**92**	**92**	**92**	**92**
CONTINGENT LIABILITIES				
Guarantee commitment, Mekonomen AB	**20**	**20**	**20**	**20**

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

NOTE 24 Participations in Group companies

NAME OF COMPANY/REGISTERED OFFICE, SWEDEN	Corp. Reg. No.	Share of equity, %	No. of stores	Carrying amount
Mekonomen Grossist AB/Stockholm	556062-4875	100		40
Mekonomen Detaljist AB/Stockholm	556157-7288	100		5
Mekonomen Finans AB/Stockholm	556179-9676	100		1
Mekonomen Fleet AB/Stockholm	556720-6031	100		2
Mekonomen Vilande Fem AB/Stockholm	556729-1579	100		0
Mekonomen Vilande Sex AB/Stockholm	556724-9254	100		0
Speedy Autoservice AB/Malmö	556575-9858	100		31
NAME OF COMPANY/REGISTERED OFFICE, FINLAND				
Mekonomen Suoumi Oy/Helsingfors	2259452-4	100		0
NAME OF COMPANY/REGISTERED OFFICE, DENMARK				
Mekonomen Danmark A/S/Odense	30 07 81 28	100	37	177
NAME OF COMPANY/REGISTERED OFFICE, NORWAY				
Mekonomen Norge AS/Oslo	980 748 669	100		24
PARTICIPATIONS IN GROUP COMPANIES, TOTAL				**280**

INDIRECT PARTICIPATIONS IN SUBSIDIARIES	Corp. Reg. No.	Share of equity, %	No. of stores
FINLAND			
Mekonomen Viiki Oy	2359722-5	100	1
Mekonomen Kallio Oy	2359731-3	100	1
			2

Contd. INDIRECT PARTICIPATIONS
IN SUBSIDIARIES

NAME OF COMPANY/REGISTERED OFFICE	Corp. Reg. No.	Share of equity, %	No. of stores
SWEDEN			
Mekonomen Alingsås AB/Alingsås	556596-3690	75	1
Mekonomen Anderstorp AB/Anderstorp	556775-9849	100	1
Mekonomen Arvika AB/Arvika	556528-3750	80	2
Mekonomen B2C AB/Stockholm	556767-7405	100	2
Mekonomen Backaplan AB/Göteborg	556226-1338	91	1
Mekonomen Barkarby AB/Stockholm	556758-7679	100	1
Mekonomen Bollnäs AB/Bollnäs	556827-3675	100	1
Mekonomen Borås City AB/Borås	556078-9447	91	3
Mekonomen Bromma AB/Stockholm	556230-5101	91	1
Mekonomen Enköping AB/Enköping	556264-2636	91	1
Mekonomen Eskilstuna AB/Eskilstuna	556613-5637	91	1
Mekonomen Falkenberg AB/Falkenberg	556213-1622	70,2	1
Mekonomen Falköping AB/Falköping	556272-1497	100	1
Mekonomen Sisjön AB/Göteborg	556509-7861	100	1
Mekonomen Akalla AB/Stockholm	556729-1439	100	1
Meko Fleetsystem AB	556791-8643	80	–
Mekonomen Falun AB/Falun	556559-3927	60	2
Mekonomen Farsta AB/Stockholm	556528-4766	91	1
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 Gävle AB/Gävle	556353-6803	91	1
Mekonomen Göteborg Ringön AB/Göteborg	556561-6751	100	1
Mekonomen Hedemora AB/Hedemora	556308-8011	100	1
Mekonomen Helsingborg AB/Helsingborg	556044-4159	75	2
Mekonomen Härnösand AB/Härnösand	556217-2261	80	1
Mekonomen Hässleholm AB/Hässleholm	556678-0622	91	1
Mekonomen Järfälla AB/Stockholm	556660-3196	91	1
Mekonomen Jönköping AB/Jönköping	556237-5500	100	2
Mekonomen Kalmar AB/Kalmar	556236-8349	91	1
Mekonomen Karlshamn AB/Karlshamn	556649-9090	100	1
Mekonomen Karlskoga AB/Karlskoga	556196-2605	100	1
Mekonomen Karlskrona AB/Karlskrona	556649-9082	100	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	80	1
Mekonomen Landskrona AB/Landskrona	556646-4813	91	1
Mekonomen Lidköping AB/Lidköping	556761-3012	75	1
Mekonomen Linköping AB/Linköping	556202-9545	100	1
Mekonomen Ljungby Odlaren AB/Ljungby	556111-9719	100	1
Mekonomen Ljusdal AB/Ljusdal	556786-1066	51	2
Mekonomen Ludvika AB/Ludvika	556470-4210	91	1
Mekonomen Luleå AB/Luleå	556338-4071	100	1
Mekonomen Lund AB/Lund	556531-0108	91	1

Contd. INDIRECT PARTICIPATIONS
IN SUBSIDIARIES

NAME OF COMPANY/REGISTERED OFFICE	Corp. Reg. No.	Share of equity, %	No. of stores
Mekonomen Lycksele AB/Lycksele	556687-8095	75	1
Mekonomen Malmö Fosie AB/Malmö	556493-7018	91	2
Mekonomen Mariestad AB/Mariestad	556261-0179	50	1
Mekonomen Mjölby AB/Mjölby	556362-0565	75	1
Mekonomen Mora AB/Mora	556363-2487	80	1
Mekonomen Motala AB/Motala	556311-8750	91	1
Mekonomen Märsta AB/Sigtuna	556596-3674	91	1
Mekonomen Nacka AB/Nacka	556204-0294	100	1
Mekonomen Norrköping AB/Norrköping	556376-2797	75	2
Mekonomen Norrtälje AB/Stockholm	556178-9719	60	1
Mekonomen Nyköping AB/Nyköping	556244-0650	75	1
Mekonomen Nässjö AB/Nässjö	556187-8637	100	2
Mekonomen Osby AB/Osby	556408-8044	91	1
Mekonomen Oskarshamn AB/Oskarshamn	556631-8589	75	1
Mekonomen Partille AB/Göteborg	556731-1401	91	1
Mekonomen Piteå AB/Piteå	556659-8966	75	1
Mekonomen Ronneby AB/Ronneby	556649-9017	91	1
Mekonomen Sandviken AB/Sandviken	556201-1295	91	1
Mekonomen Segeltorp AB/Huddinge	556580-2351	91	1
Mekonomen 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 Solna AB/Stockholm	556213-3073	91	1
Mekonomen Sundsvall AB/Sundsvall	556201-1675	100	2
Mekonomen Söderhamn AB/Söderhamn	556509-4132	75	1
Mekonomen Södertälje AB/Södertälje	556405-5498	100	1
Mekonomen Sölvesborg AB/Sölvesborg	556216-4250	75	1
Mekonomen Torslanda AB/Göteborg	556583-3893	100	1
Mekonomen Trollhättan AB/Trollhättan	556515-0298	91	3
Mekonomen Uddevalla AB/Uddevalla	556550-5004	100	1
Mekonomen Umeå AB/Umeå	556483-3084	81,8	1
Mekonomen Uppsala AB/Uppsala	556092-4218	91	4
Mekonomen Varberg AB/Varberg	556261-0161	75	1
Mekonomen Vetlanda AB/Vetlanda	556653-4219	91	1
Mekonomen Vimmerby AB/Vimmerby	556232-5877	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	100	1
Mekonomen Åkersberga AB/Österåker	556632-9966	91	1
Mekonomen Älvsjö AB/Huddinge	556758-7661	100	1
Mekonomen Örebro Aspholmen AB/Örebro	556344-0717	75	2
Mekonomen Örnsköldsvik AB/Örnsköldsvik	556465-6287	75	1
Mekonomen Östersund AB/Östersund	556296-5243	100	2
Primexxa Strängnäs AB/Stockholm	556422-3872	60	1
			110

Contd. INDIRECT PARTICIPATIONS
IN SUBSIDIARIES

NAME OF COMPANY/REGISTERED OFFICE	Corp. Reg. No.	Share of equity, %	No. of stores
NORWAY			
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 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 Kolbotn AS/Oslo	990 815 739	100	1
Mekonomen Kongsberg AS/Kongsberg	937 161 786	75	1
Mekonomen Kongsvinger AS/Kongsvinger	992 102 217	100	1
Mekonomen Lilliström AS/Lilleström	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	1
Mekonomen Sandefjord AS/Sandefjord	990 815 844	100	1
Mekonomen Sandnes AS/Sandnes	992 302 577	100	1
Mekonomen Sandvika AS/Sandvika	982 707 862	100	1
Mekonomen Sarpsborg AS/Sarpsborg	910 155 520	100	1
Mekonomen Ski AS/Ski	983 098 525	100	1
Mekonomen Stavanger AS/Stavanger	983 935 214	100	1
Mekonomen Steinkjer AS/Steinkjer	984 318 677	100	1
Mekonomen Sörlandsparken AS/Kristiansand	981 508 939	100	1
Mekonomen Tromsö AS/Tromsö	942 591 322	100	1
Mekonomen Trondheim AS/Trondheim	979 462 026	100	1
Mekonomen Tönsberg AS/Tönsberg	934 256 867	75	1
			32
TOTAL NUMBER OF STORES			**181**

NOTE 25 Shareholders' equity

The share capital amounted to SEK 77 M and consists of 30,868,822 shares at a quotient value of SEK 2.50 per share.

OTHER CAPITAL CONTRIBUTIONS

The amount consists of the Parent Company's statutory reserve.

STATUTORY RESERVE

The purpose of the statutory reserve is to set aside profits to cover any future losses.

PROFIT BROUGHT FORWARD

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

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Board of Directors proposes a dividend of SEK 8.00 per share, which gives a total dividend of SEK 262,516,840. The dividend amount above is calculated on the number of shares, 32,814,605, in the company following the new share issue resolved at Mekonomen's Extraordinary General Meeting on 25 February 2011.

TRANSLATION DIFFERENCES, FOREIGN SUBSIDIARIES	2010	2009
Accumulated translation differences in Norway	18	6
Accumulated translation differences in Denmark	–34	–8
	–16	**–2**

NOTE 26 Capital

Mekonomen manages its capital to ensure that the units in the Group can continue to operate, while dividends to shareholders are maximised through a good balance between liabilities and shareholders' equity. The Group's capital consists of shareholders' equity. The various components of shareholders' equity and the 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 per year, the Board of Directors reviews the capital structure and takes this into account when making decisions on, for example, dividends or raising new loans.

NOTE 27 Adjustments for items not affecting liquidity

	Group		Parent Company	
	2010	2009	**2010**	2009
Depreciation/amortisation	50	44	10	9
Change in value, derivatives	0	0	–	0
Exchange-rate differences	1	0	–	–
Dividend not paid from subsidiaries	–	–	–26	–
Capital gain/loss from divestment of fixed assets	–1	–5	–1	–
Other items not affecting liquidity	–1	–1	–1	1
	49	**38**	**–18**	**10**

NOTE 28 Acquisitions and divestment of subsidiaries

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

ACQUISITIONS DURING 2010	2010
VALUE OF ACQUIRED ASSETS AND LIABILITIES	
Tangible fixed assets	8
Inventories	26
Current receivables	7
Long-term liabilities	–6
Current liabilities	–20
ACQUIRED NET ASSETS	**15**
Brands	5
Goodwill	48
Acquired non-controlling interest, surplus value recognised against shareholders' equity	10
Total purchase price	87
Cash and cash equivalents in the acquired companies	8
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**79**

ACQUIRED SUBSIDIARIES/OPERATIONS 2009	Country	Acquisition date	Shareholding and share of voting rights	Object
Microbutik, Barkarby	Sweden	April	51	Assets and liabilities
AD-butik, Flen	Sweden	April	100	Company
Microbutik, Anderstorp	Sweden	May	100	Assets and liabilities

ACQUISITIONS DURING 2009	2009
VALUE OF ACQUIRED ASSETS AND LIABILITIES	
Tangible fixed assets	0
Inventories	5
Current receivables	0
Current liabilities	0
ACQUIRED NET ASSETS	**5**
Goodwill	5
Total purchase price	10
Cash and cash equivalents in the acquired companies	0
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	**10**

The amount for 2010 includes acquisition of companies and assets and liabilities acquisitions, as well as the acquisition of non-controlling interest in Swedish store companies. The companies acquired during the year impacted sales by SEK 87 M and EBIT by SEK 3 M.

Information on company acquisitions is submitted in aggregated form, since not every individual acquisition is deemed large enough to warrant separate reporting.

In addition to brand and goodwill, no intangible surplus value was identified in conjunction with the acquisitions. The transaction costs amounted to an insignificant amount.

In Sweden, two (13) store managers signed on as partners in individual store companies. Their shareholding amounts to 9 per cent per store company. The total purchase price for these shareholdings amounted to SEK 0.4 M (3).

NOTE 29 Transactions with related parties

During the year, Mekonomen AB sold products and services to Group companies totalling SEK 98 M (81). Receivables from Group companies amounted to SEK 574 M (531) on balance-sheet date and liabilities to Group companies amounted to SEK 3 M (5).

NOTE 30 Approval of the Annual Report

The Annual Report and the consolidated accounts were approved for issue by the Board of Directors on 10 March 2011. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be subject to the approval of the Annual General Meeting on 14 April 2011.

NOTE 31 Financial risks

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

Currency risks

Exchange-rate risks occur when exchange-rate fluctuations have a negative impact on the Group's profit and shareholders' equity. Currency exposure arises in connection with cash flows in foreign currencies (transaction exposure) as well as in translation of loans/receivables in foreign currencies and in the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). During 2010, exchange-rate fluctuations had a negative impact on the Group's income before tax amounting to SEK 2 M (neg: 1). The most important currency in terms of transaction exposure is EUR, which represents 40 per cent of imports as well as NOK and DKK pertaining to internal sales from the Grossist company to Norway and Denmark. NOK and DKK are the most important currencies as regards translation exposure. 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.

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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. In the event a new customer or 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. At the end of the year, Mekonomen had a negligible amount of interest-bearing loans. According to the finance policy, Mekonomen shall maintain an average fixed interest term of a maximum of three months. Within this time frame, it is estimated that increased financial expenses, as an effect of changed interest rates, could be offset through changes in retail prices. In order to manage possible interest-rate risks, relevant instruments in the market can be used.

Financing and liquidity risks

Financing risk is seen as the risk of the cost being higher and financing opportunities limited when loans are renewed and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing financing. According to the finance policy, refinancing risks shall be managed by signing long-term and flexible credit agreements. At the end of 2010, the Group had no long-term credit facilities. 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 Board of Directors' 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 Board of Directors' 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
10 March 2011

Fredrik Persson *Chairman of the Board*	Marcus Storch *Vice Chairman*	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*

TO THE ANNUAL GENERAL MEETING OF MEKONOMEN AB (PUBL), CORPORATE REGISTRATION NUMBER 556392-1971

We have audited the annual accounts and the consolidated accounts, with the exception of the Corporate Governance Report on pages 20–24, the accounting records and the administration of the Board of Directors and the President of Mekonomen AB for the 1 January 2010–31 December 2010 financial year. The company's annual accounts are included in the printed version of this document on pages 30–65. The Board of Directors and the President are responsible for these accounts and the administration of the Company, as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards, IFRS, as adopted by the EU and the application of the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain reasonable, but not absolute, assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and other disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international reporting standards, IFRS, as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's results and position. Our statement does not include the Corporate Governance Report on pages 20–24. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

STATEMENT ON THE CORPORATE GOVERNANCE REPORT

The Board of Directors and the President are responsible for the Corporate Governance Report on pages 20–24 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

As a basis for our opinion concerning whether the Corporate Governance Report was prepared and is consistent with the other parts of the annual accounts, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

A Corporate Governance Report has been prepared, and its statutory information is in accordance with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 10 March 2011
Deloitte AB

Lars Svantemark
Public Authorised Accountant

INFORMATION TO SHAREHOLDERS

Annual General Meeting
The Annual General Meeting will be held on 14 April 2011, at 3:00 p.m. at Mekonomen Gärdet, Tegeluddsvägen 82, in Stockholm, Sweden.

Who is entitled to participate at the Annual General Meeting?
Shareholders registered in the shareholders' register on the record date 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 Friday 8 April. 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 8 April 2011.

How do you register?
Shareholders wishing to participate at the Annual General Meeting should register not later than 5:00 p.m. on Friday, 8 April at:

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

Dividends
The Board of Directors proposes a dividend of SEK 8.00 (7.00) per share. The Board of Directors has proposed 19 April 2011 as the record date for the dividend. If the Annual General Meeting adopts the proposal, the dividend will be paid on 26 April 2011.

Reporting dates for 2011

Interim report January–March:	11 May
Interim report April–June:	24 August
Interim report July–September:	9 November
Year-end report for the financial year 2011:	15 February 2012

DEFINITIONS

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

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

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

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

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

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

EBIT margin
EBIT as a percentage of total revenues.

Equity/assets ratio
Shareholders' equity including minority shares as a percentage of total assets.

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

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

Net debt/equity ratio
Net indebtedness divided by shareholders' equity including minority shares.

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

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

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

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

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

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

Return on shareholders' equity
Profit for the year as a percentage of average shareholders' equity, excluding minority interests.

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

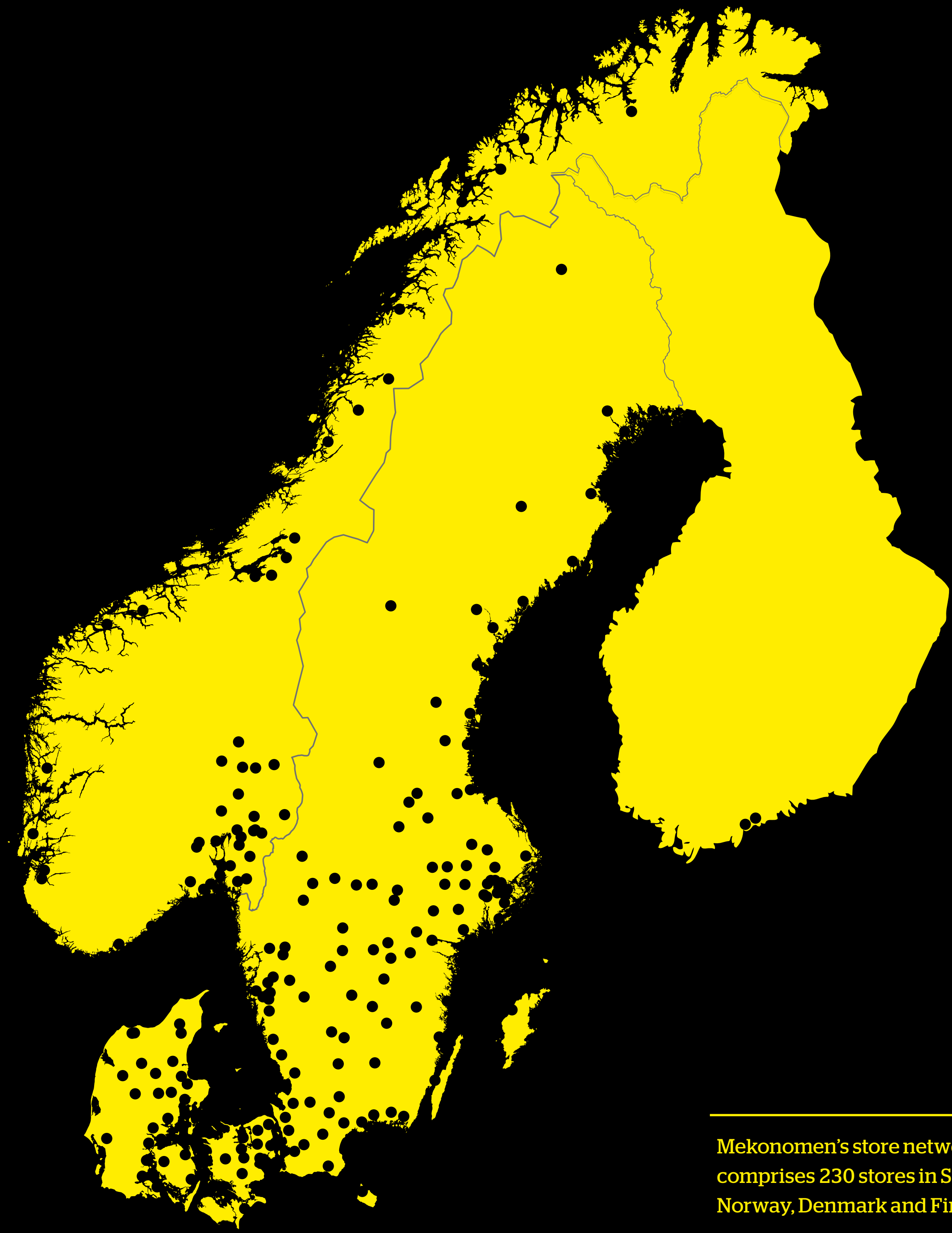
Sales growth
Increase in total revenues as a percentage of the preceding year's total revenues.

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

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

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

A total of 1,338 workshops are affiliated to Mekonomen in Sweden, Norway, Denmark and Finland.



Mekonomen's store network comprises 230 stores in Sweden, Norway, Denmark and Finland.

Sweden

Mekonomen AB
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Fax +46 8-464 00 66
Visiting address:
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Mekonomen Grossist AB
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Tel +46 152-229 00
Fax +46 152-229 41
Visiting address:
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SE-645 47 Strängnäs

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Finland

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FI-00530 Helsinki
+358 (0)9 8568 4000

Vinnare
RETAIL
Awards 2010
DagensHandel
SVENSK HANDEL

In March 2010, Mekonomen received the "Retail Chain of the Year" award from the Swedish Trade Federation and the business daily Dagens Handel at the annual Retail Awards, which is aimed at encouraging innovation and quality in retail.

Mekonomen Direkt Norway Tel: 055 66 Sweden Tel: 0771-72 00 00 Denmark Tel: 70 140 140

We don't serve cars – we serve people