

**Annual
Report**

2012



**Sustainability
Report**

Apoteket offers a wide range of medications, carefully selected health products and qualified pharmaceutical services to consumers, the healthcare system and businesses. When you visit us you will meet dedicated employees with extensive knowledge about medications who want to provide inspiration for a healthy life and make it easier to feel well. Apoteket is the pharmacy for all of Sweden.

**Financial reporting calendar
2013**

Interim report January–March: 26 April
Interim report January–June: 19 July
Interim report January–September: 24 October

Annual General Meeting in Apoteket AB:
April 18 in Stockholm

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Apoteket in two minutes

With extensive knowledge about medications and health, we sell products and services that make it easier to feel well. We will be the leading and most popular pharmacy player with good long-term profitability.

Apoteket.se – Apoteket's website. The website also features an online store with medications and health products.

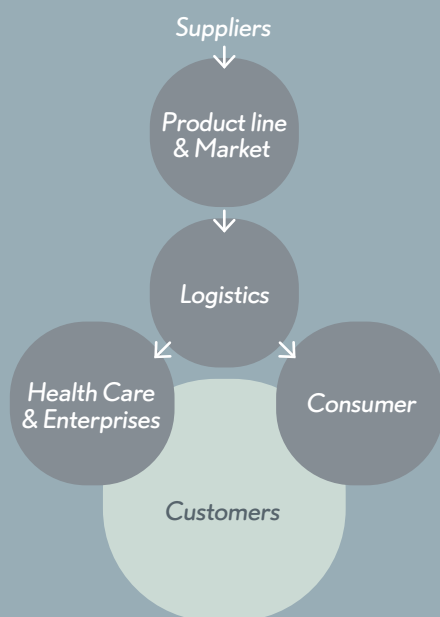
Mobil.apoteket.se – Apoteket's mobile app where customers can check whether medications or other health products are in stock.

Apoteket has about 5,200 employees from 83 countries who speak 64 languages.

Apoteket, the pharmacy for all of Sweden, can be found in 250 towns and cities, 50 hospitals and 1,000 hospital wards.

Apoteket has 374 outpatient pharmacies and 702 pharmacy representatives all over Sweden.

Apoteket's business:

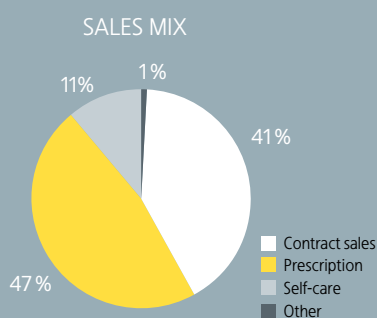


- Our vision is: A Life in Health.
- Every day we meet 112,000 customers at our pharmacies.
- We carry out 11,600 pharmaceutical reviews in health care during the year.
- We supply multi-dose dispensed drugs to 185,000 customers during the year.
- Customers named us Sweden's most honest company in 2010, 2011 and 2012.
- We ranked best in the industry in the 2012 Sustainable Brands survey.
- Apoteket is certified according to ISO 14001.

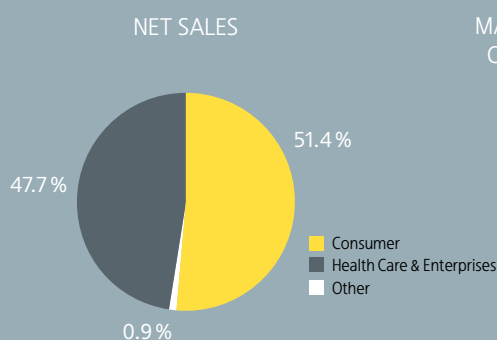
2012 in brief

For Apoteket, 2012 was a very eventful year with major changes in both the consumer market and the healthcare market. Apoteket worked intensively during the year to improve its customer offering and services in order to do an even better job of meeting the needs and expectations of its customers.

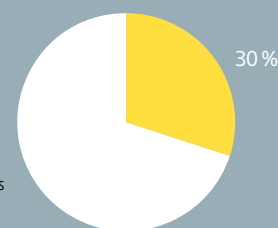
- Net sales amounted to SEK 21,392 (22,960) million.
- Operating earnings amounted to SEK 141 (189) million.
- Net earnings amounted to SEK 367 (391) million.
- Earnings per share amounted to SEK 2,097 (2,234).
- Proposed dividend is SEK 31 (200) million.



Contract sales include sales generated by agreements. Prescription drug sales refer to sales of medications to consumers by prescription or original dose packages. Self-care sales include non-prescription drugs and other health products.



MARKET SHARE, NUMBER OF OUTPATIENT PHARMACIES



Apoteket has 374 outpatient pharmacies of a total of 1,266 in the market.

KEY FIGURES	2012	2011
Net sales, SEK million	21,392	22,960
Operating earnings, SEK million	141	189
Operating earnings, %	0.7	0.8
Pre-tax earnings, SEK million	354	586
Net earnings, SEK million	367	391
Earnings per share, SEK	2,097	2,234
Operating cash flow, SEK million	211	-470
Capital employed, SEK million	2,878	4,656
Interest-bearing net debt, million	1,785	1,776
Equity/assets ratio, %	36.2	32.1
Return on equity, %	13.8	7.6
Return on capital employed, %	5.0	4.6
Average number of employees (weighted to full-time employees)	4,540	4,633

Apoteket is Sweden's largest participant in the pharmacy market with net sales of SEK 21.4 billion.

We make it easier to feel well

For Apoteket, 2012 has been an eventful year characterised by major changes. During the year we worked intensively to further improve the products and services we offer to our customers. At the same time, we have changed the structure of the business to take an even more customer-focused approach based on the market situation.

Apoteket's net sales fell seven percent to SEK 21,392 (22,960) million. The decline occurred on both the consumer market and the healthcare market. Operating earnings dropped to SEK 141 (189) million and operating margin fell to 0.7 (0.8) percent. Excluding restructuring costs, however, operating earnings rose from SEK 156 million to SEK 221 million, mainly thanks to lower overhead and a higher percentage of non-prescription drugs and other health products sold.

During the year we dedicated our efforts to shaping and adapting the company to be competitive in the changing pharmaceutical market. We have already seen the positive effects of these efforts during the last quarter of 2012 and we are continuing to work on measures to improve earnings in 2013. I am impressed by and proud of the commitment and innovative thinking I see among employees throughout the company. It has been crucial to our success in changing so much in such a short time and it bodes well for the future.

Medications and health

We serve our customers in a variety of ways throughout their lives at Apoteket, where extensive knowledge of medications and health are at the core of our offering. For our customers, health is not just associated with drugs, but also with exercise, food and lifestyle. Our aim is to be able to do more in these areas too.

In the consumer market we have launched several new services and products during the year that have been positively received. Customers have particularly appreciated our private labels. In the autumn we carried out a major health test campaign, including both health checks performed by specially trained pharmacists at the pharmacy, as well as a wide range of self-tests. We want these tests to provide customers with a simple way to keep track of their health.

High availability of medications in all of our sales channels is a priority for us. To further assist our customers, we launched a new mobile app during the year. It enables customers to use a computer or smartphone to go online and check whether a particular drug is in stock at a nearby pharmacy. Customers can also order drugs and health products in our online store, or subscribe to their medicines.

Lower bid value in the healthcare market

All county councils have now awarded contracts to medication suppliers following a competitive procurement process. Several county councils have demonstrated renewed confidence in our services, while we have lost contracts with others. The tender value of the new agreements is generally lower than in the past due to reduced content and pressure on prices. We are now focusing on delivering in accordance with the agreements we signed.

Major changes in the dose market

During the year Apoteket has contributed to the complex effort to make e-unit dose prescriptions available to other market participants. We have worked with Apotekens Service AB and the healthcare system to take the first step in replacing the IT infrastructure for handling unit-dose drugs. The purpose of the project is to enable

competition in the unit-dose market and to improve systems and procedures for high patient safety.

In parallel with this change, all county councils have procured distribution of multi-dose dispensed drugs. The procurement process for multi-dose dispensed drugs was also characterised by strong pricing pressure. The new conditions in the unit-dose market and the healthcare market will have a negative impact on our sales during the upcoming year.

A sustainable effort

Our vision – A Life in Health – shows our long-term approach to sustainability issues. We constantly strive to be an honest and responsible company. Every day our employees work to help people improve their medication use. The result is reduced illness and suffering for the individual and society, while lowering costs. We are also working on encouraging people to return discarded pharmaceuticals. All these efforts reduce environmental impact. To make it easier for customers to make the right choice, we also continually work to clarify the sustainability profile of our health products. Apoteket was one of the first Swedish companies to sign the Global Compact in 2009, and we support the ten principles for sustainable companies of the UN's Global Compact initiative.

Carbon dioxide emissions from business travel have decreased during the year and all new suppliers of non-prescription drugs and other health products have signed Apoteket's Code of Conduct. In 2013, we will begin working on a project to require all new suppliers of indirect materials to do the same.

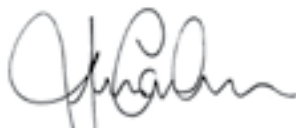
We also see certain challenges that can be explained in part by the tough market situation. During the year we carried out fewer services than previously to consumers and contract customers. Sickness absence among employees rose, while the percentage of motivated employees fell slightly compared with the previous year. Of course it is important for us to address these areas in the years ahead.

Focus on the customer encounter

We are constantly striving to improve our customer encounter, our products and our services. This objective requires great sensitivity to the needs and expectations of our customers. Our clear ambition for 2013 is to continue to earn the trust and confidence of our customers. Words such as considerate, trustworthy and knowledgeable are often seen in our customer surveys, which is encouraging. At the same time, demand is rising for higher availability of more channels, more efficient deliveries, and more information about our products and advice about medicines and health.

We will do our utmost to meet these expectations and make it a little easier for all of our customers to feel well.

Stockholm in March 2013



Ann Carlsson
CEO and President



Business environment, market and trends

The re-regulated pharmacy market continues to undergo major changes, especially in the healthcare market and the market for multi-dose dispensed drugs. In the consumer market, about 50 pharmacies were added in 2012, but market growth was largely unchanged.

Major changes in the healthcare market

Competition in the healthcare market increased in 2012. The market for manufacturing and supply services to county councils and municipalities is undergoing significant changes. The traditional supply contracts are less extensive and pricing pressure is strong. In addition, the county councils themselves are increasingly taking over some parts of the pharmaceutical supply chain.

The market for multi-dose dispensed drugs is also changing. New players are gaining market share in connection with county contracts under strong price pressure. It is now clear that new players, in addition to Apoteket, will be available on the Swedish multi-dose market beginning in 2013.

Challenging times continue in the pharmacy industry

The economic situation is difficult for all participants in the Swedish pharmacy market. About ten pharmacies closed in 2012. It has been possible to buy and sell the pharmacies that Apoteket sold in conjunction with re-regulation since the spring of 2013. It may mean that ownership of community pharmacies may change during the year.

Number of pharmacies continues to rise

At the end of 2012 there were about 1,270 outpatient pharmacies in the Swedish pharmacy market, compared with about 1,220 in late 2011. This means that pharmacy density has increased from 7,800 at year end 2011 to 7,500. The density of pharmacies has mainly increased in urban areas.

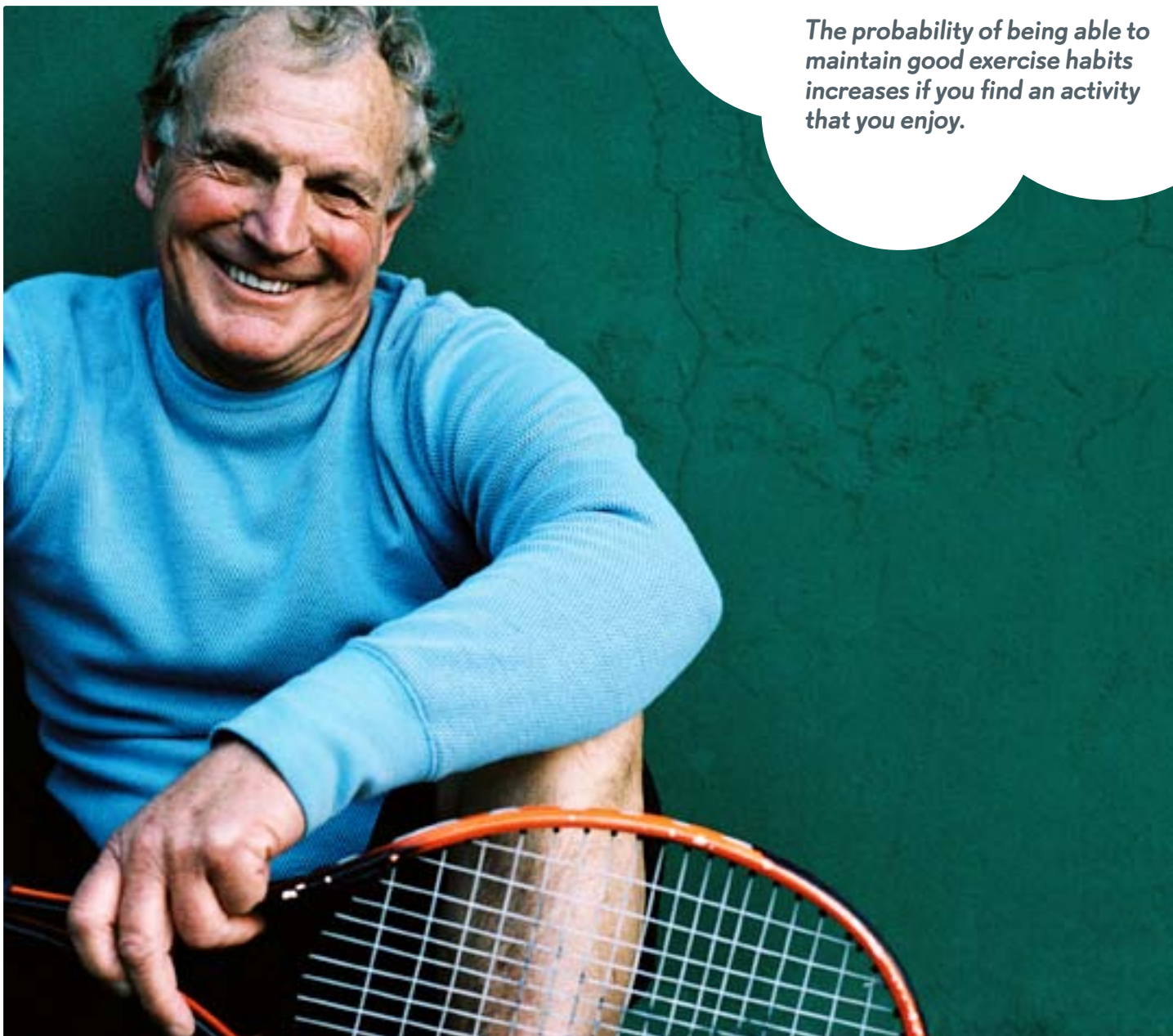
Growth in the number of pharmacies was 4 percent during the year, corresponding to about 50 pharmacies. Growth in the number of pharmacies was higher than market growth, which is essentially unchanged. The market is defined as total pharmacy market sales of prescription drugs, non-prescription drugs and other health products.

Non-prescription drugs in other retail outlets

The consumer continues to purchase non-prescription drugs in other retail outlets, such as supermarkets and convenience stores. At the end of the year other retail outlets had about 22 percent of the market for non-prescription drugs, compared with 18 percent at the end of 2011. Sector convergence between pharmacies and convenience stores continues, especially through an increased selection of health products at the pharmacies.

Availability of medications

The media have paid considerable attention to access to medications during the year. Customers place high demands on access to medications and would like to receive their medications directly when they visit a pharmacy without having to return at a later date.



The probability of being able to maintain good exercise habits increases if you find an activity that you enjoy.

Government report on the pharmacy market

Government investigators presented the first part of the report on the pharmacy market during the fourth quarter. The proposal includes changes to current pricing of prescribed medications, improvements in the availability of medications in pharmacies, changes in the model for generic substitution and other conditions related to pharmacy operations. The next part of the investigation, which will also address the multi-dose market, will be presented in spring 2013.

Strong interest in lifestyle

Society continues to be greatly interested in lifestyle and lifestyle choices. At the same time the health and fitness trend remains strong. Exercise is becoming increasingly popular, from cardiovascular fitness to bike races and marathons. More and more employers offer various forms of fitness training for their employees since they link a healthy lifestyle to good productivity. At the same time that the exercise trend is growing, much of the population remains inactive on a level deemed risky from a disease perspective.

The importance of food for health is also attracting increasing interest – how raw ingredients are cultivated, transported and prepared. Opinions about which diet is beneficial for health are increasingly divergent.



Ownership guidelines and strategic direction

Apoteket's goals and strategies are based on its vision and the state's ownership guidelines and financial targets.

New ownership guideline

Apoteket received a new ownership guideline at its 2012 annual general meeting of shareholders. The ownership guideline stipulates that Apoteket's market share must be under 36 percent in order to open a new outpatient pharmacy. Market share is defined based on the outpatient pharmacy's sales of non-prescription and prescription drugs, including requisitions to outpatient care. The ownership guideline also states that Apoteket shall run operations through Sweden's 702 pharmacy representatives for three more years. Apoteket was also mandated to work together with the healthcare system and Apotekens Service AB to make all e-unit dose prescriptions available to other market participants. The earlier restriction that Apoteket may not market prescription dispensing to patients ready for discharge remains in place.

Vision and mission

Apoteket's vision is *A Life in Health*. Apoteket's mission is *We make it easier to feel well*. Apoteket offers solutions that make it easier for people to improve their health.

Business concept

With extensive knowledge about medications and health, we sell products and services that make it easier to feel well. We will be the leading and most popular pharmacy player with good long-term profitability.

Strategies

Apoteket works to achieve its objectives based on five main strategies, which are described on the preceding page.

Apoteket's vision:
A Life in Health

Apoteket's main strategies:

Promote sales with strong customer offers and a clear profile.

Develop new customer offers, markets and collaborations.

Reduce purchasing costs and streamline supply chain.

Reduce costs and simplify procedures.

Attract, improve and retain the right talent.

Sustainability initiatives are one of the cornerstones of Apoteket's business plan, which means that financial, social and environmental responsibility will permeate both management and follow-up of operations. Other cornerstones include Apoteket's brand platform, business model and management model.

Core values

Apoteket is one of Sweden's strongest and most respected brands. It is a strategic asset that is constantly nurtured and developed.

Apoteket's core values permeate the corporate culture and day-to-day activities. See the field to the right.

Agreements with the Swedish Medical Products Agency

Apoteket has entered into agreements with the Medical Products Agency to provide pharmacy services in rural areas. The agreement is valid until March 2013. The undertaking means that Apoteket cannot decide to close specific pharmacies if it would mean a lower level of service. Other pharmacy participants who, in connection with reregulation, bought pharmacy clusters that include rural pharmacies have similar restrictions.

Financial targets and sustainability goals

As an addition to Apoteket's ownership guideline, the owner sets financial targets. The current targets were set at the 2010 annual meeting of shareholders.

- Return on equity – calculated as earnings for the year as a percentage of average equity – should reach at least 20 percent in the long term.
- An equity/assets ratio – calculated as equity as a percentage of the balance sheet total – within a target range of 25 to 30 percent.
- The dividend will amount to at least half of net income.

New financial targets will be submitted for resolution at the 2013 Apoteket AGM.

Apoteket's sustainability goals

Apoteket's executive management formulates its sustainability goals, which are then adopted by the Board of Directors. The goals are divided into the following five areas:

- Collaboration with suppliers for increased responsibility
- Climate impact
- Promote health and wellness
- Clear sustainability profile in product range
- Reduced environmental impact from medications

Read more about sustainability targets in the Sustainability Report on page 22.

Apoteket's core values:

Trustworthy

- We communicate our knowledge and use our expertise to develop and deliver attractive solutions based on current and future needs.

Considerate

- We meet each customer based on their needs and situation. We are considerate by identifying customer needs at an early stage.

Committed

- We are genuinely interested in helping people feel well. Our commitment means that we go further and always strive to make things better.

Creative

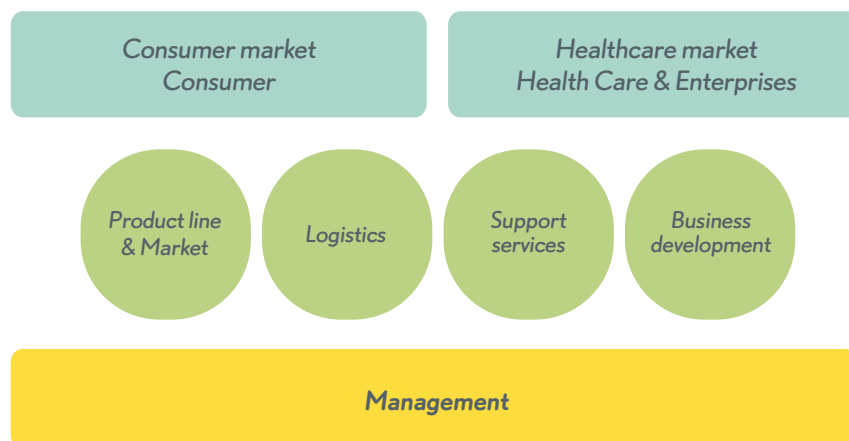
- Our policy to become better and to develop the business is based on daring to challenge ourselves and always daring to stay one step ahead. We take initiative, seek new challenges and focus on the opportunities that have an actual value for our customers.

Operations and structure

Apoteket is active in competitive markets. It offers a broad range of goods and services in pharmaceuticals and wellness to individual consumers, companies and participants within health care and social services. Apoteket meets its customers in several different situations and across multiple channels – personal customer encounters in pharmacies and in the healthcare setting, customer service on the phone and through the company’s digital channels.

New market

Apoteket continued to adapt its operations in 2012 to changed market conditions. Part of this adjustment involved a change in the structure and organisation of the operation. The new organisation has been in place since 1 January 2013.



Consumer market

The Consumer business area offers private individuals pharmaceuticals and other health-related products and services, as well as counselling through more than 374 pharmacies across Sweden. Other channels are the external website, including the on-line store, and the company’s customer service by email and telephone. Consumer is also responsible for the services provided by the 702 pharmacy representatives. Read more on pages 13–16.

Healthcare market

Health Care & Enterprises develops products and services that increase efficiency and quality of care by supplying medicinal products, manufacturing specialised drugs, multi-dose packaging of medications and a number of advisory services to county councils, municipalities and private healthcare companies. Read more on pages 17–19.

Other operations

Other operations include Apoteket’s support services, as well as business development, product line, marketing and logistics. Apoteket also offers a number of health services to companies. Read more on pages 20–21.

Consumer market

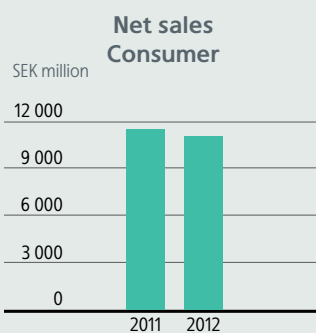
Apoteket offers medications, other health-related products and counselling through more than 353 self-run and 21 franchise-operated pharmacies across Sweden. Apoteket also has 702 pharmacy representatives. Net sales in the consumer market in 2012 were SEK 11.0 billion, which accounts for 51.4 percent of Apoteket's total net sales.

Significant events in 2012

- During the year, Apoteket gradually reduced waiting times for dispensing of prescriptions in pharmacies.
- A campaign focusing on customers with cardiovascular medications was carried out to help them take their medicines correctly.
- In connection with the focus on health tests, three new self-tests were introduced for genital problems: tests for bacterial and fungal disorders, chlamydia and mycoplasma, and urinary tract infection.
- Apoteket expanded its range of oral and dental care products DentaPro – an advanced oral care series, developed by Apoteket in collaboration with leading dental experts.
- Apoteket's mobile pharmacy was on site to meet customers at several cultural and sporting events around the country during the year.
- Through initiatives focused on e-commerce, new mobile services and subscription products, Apoteket increased its presence in digital channels and thus accessibility for the customer.
- Apoteket initiated collaborations with selected bloggers and continued to engage in dialogue with customers via social media such as Facebook, Twitter and YouTube.

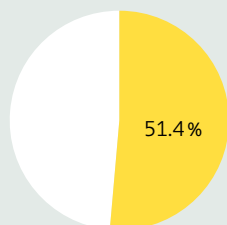
**Here is how
Apoteket reaches
its customers:**

Pharmacy · E-commerce
Pharmacy representatives
Telephone · Online
Email



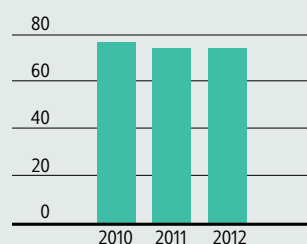
Net sales excluding franchise companies.

Share of Apoteket's net sales



The percentage of total net sales for Consumer was 51.4 (49.8) percent.

Customer satisfaction Swedish Quality Index



The average for Apoteket in 2012 was 73.6, as it was in 2011. The customer satisfaction index is a weighted average of three questions that focus on how satisfied the customer is, overall, based on expectations and in relation to a perfect pharmacy.

Source: Source: Swedish Quality Index, national study autumn 2012

STORE DEVELOPMENT

	2012			2011		
	Self operated pharmacies	Franchise	Total	Self operated pharmacies	Franchise	Total
Opening number 1 January	349	16	365	341	4	345
Newly opened	11	-	11	24	-	24
Closed	-2	-	-2	-4	-	-4
Sold	-	-	-	-	-	-
Transferred to franchise	-5	5	-	-12	12	-
Closing number 31 December	353	21	374	349	16	365

Net sales

Net sales declined 3.9 percent from the preceding year to SEK 11,001 (11,444) million. For self-operated pharmacies, sales of prescription drugs fell, while sales of non-prescription drugs and other pharmaceutical products rose. The gradual transition to franchise operations contributed to the reduction in net sales.

Market share

Based on the number of pharmacy permits for outpatient pharmacies, Apoteket's market share was 29.5 percent as at 31 December 2012, down slightly from 29.9 percent at the beginning of the year. The market share for outpatient pharmacies as measured by sales of prescription and non-prescription drugs were 32.8 percent in 2012, down from 34.4 percent in 2011. The market share figures include both self-operated pharmacies and franchise pharmacies.

Customer offer

Customers continued to choose to a large extent to come to Apoteket in 2012 for medications, health products and health services.

Apoteket's health services are based on its employees' extensive knowledge and experience of providing support and advice regarding medications, medication use and lifestyle. During the year new digital services were presented to increase availability of medications for the customer.

In 2012 Apoteket launched several new products from established manufactures, but also expanded its line of private label products and introduced another new non-prescription drug in the Apofri series, which is specially produced for Apoteket.

Just in time for the sunny season, Apoteket launched new suntan oils and an After sun lotion in the Apoliva series. Despite a relatively cloudy summer in Sweden, many customers chose to buy their sunscreen at Apoteket. Apoliva's sunless tanning products were particularly popular.

The autumn's major product line initiative focused on health tests, both tests conducted by the pharmacist in a pharmacy and self-tests for the customer.

In connection with this campaign, three new self-tests were introduced for genital problems: tests for bacterial and fungal disorders, chlamydia and mycoplasma, and urinary tract infection. The initiative aimed to make it easier for customers to monitor their own health and if needed, adjust their lifestyle and feel better.

Sales channels

At the end of 2012 Apoteket had 374 pharmacies all over Sweden, compared with 365 pharmacies at the start of the year. In all, 21 pharmacies are run as franchises, including five new such pharmacies during the year.

Several pharmacies were remodelled during the year in accordance with Apoteket's retail concept and a few pharmacies moved to locations that were more convenient for customers.

In the online store at apoteket.se customers can order prescription drugs, non-prescription drugs and other health products. The website also provides information and advice about medications and medication use, as well as information about pharmacies and opening hours. The site also features information about various benefits for Apoteket's loyalty club members, such as discounts on selected products, bonus points and invitations to various health-related activities.

Apoteket receives about 5,000 phone calls from customers daily and also handles customer errands by mail and email. Customers can receive help with information about Apoteket's products and services. They can also order prescription drugs, non-prescription drugs or other health products and have them delivered to their home, a nursing home or to a pharmacy representative. E-commerce parcels can also be picked up at any pharmacy.

Apoteket also runs operations, as mandated by the State, through 702 pharmacy representatives.



Apofri is a series of non-prescription drugs produced especially for Apoteket.



Apoteket's website apoteket.se provides advice about health and medication use. The website also provides information about pharmacy opening hours.

Apoteket offers e-commerce approved by the Medical Products Agency through which customers can order medications online at apoteket.se and choose to have the order delivered to a local pharmacy, pharmacy representative or any address.

Digital services for increased availability

With Apoteket's new mobile services customers can easily find out whether a desired medication is in stock – online, directly by computer or smartphone. The service includes prescription drugs, non-prescription drugs and other health products. Customers can also search for the nearest pharmacy based on their current location and see Apoteket's opening hours.

People who take medications regularly can receive reminders by mobile phone that it is time to order their medications. Apoteket then fills the prescription and sends a text message with information when the drugs are ready to pick up. People who take prescription drugs regularly can also subscribe to their medicines, which will then be ready for pick-up at the pharmacy at the desired time.

Closer to the customer

By being on site with a mobile pharmacy in different locations and various events around the country, Apoteket can meet its customers wherever they may be. During the year, the mobile pharmacy was set up at events such as the Peace & Love music festival in Borlänge, the political week in Almedalen, the Ironman in Kalmar, Stockholm Pride, and at the sporting events included in "A Swedish classic".

In September Apoteket presented its blog panel – a close collaboration with ten selected bloggers of various ages from all over Sweden, each with a different focus. The purpose of the collaboration was to gain closer contact with customers by listening to their opinions about new services and products and learning about what they would like in a more personal way. During the year the bloggers wrote about several of Apoteket's different products and services on their blogs.

Apoteket also actively engages in customer dialog with consumers in particular via social media such as Twitter, Facebook and YouTube.

Healthcare market

Through Health Care & Enterprises, Apoteket offers advanced services to healthcare market participants. Apoteket also offers services to animal owners, veterinarians and dieticians. Net sales in the healthcare market in 2012 totalled SEK 10.2 billion, which accounts for 47.7 percent of Apoteket's total net sales.

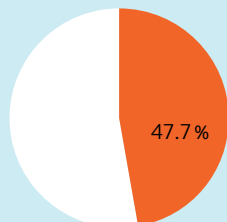
Significant events in 2012

- Apoteket won contracts to supply medicinal products and manufacture specialised drugs in eleven county councils and regions.
- At the same time that Apoteket signed new supply agreements with Region Västra Götaland and Region Halland, the contracts with these regions for production were terminated.
- Apoteket won contracts to continue supplying multi-dose dispensed drugs to eleven county councils and regions.
- Apoteket's service agreement with Stockholm County Council to provide medicinal product support came into force in October. Responsibility for supplying medicinal products and manufacturing specialised drugs is gradually being transferred to other players.
- Operations at several of Apoteket's hospital pharmacies were transferred to supply units in Mölnlycke, Malmö and Lund.
- The Swedish Board of Agriculture extended its agreement with Apoteket, which means that all of Sweden's more than 90 regional veterinary clinics receive their veterinary medications from Djurapoteket (animal pharmacy).
- Apoteket took the decision to consolidate multi-dose dispensing operations to Umeå and Örebro.

Apoteket's main services in the healthcare market:

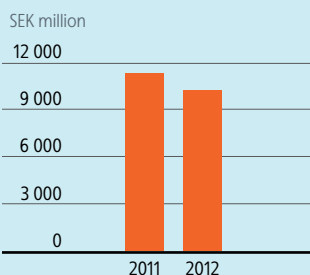
Supply of medicinal products
Multi-dose packaging and supplying multi-dose drugs
Drug education
Special medications

Share of Apoteket's net sales

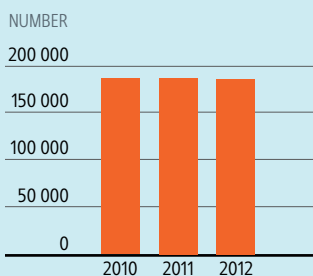


The percentage of total net sales for Health Care & Enterprises was 47.7 (49.1) percent.

Net sales Health Care & Enterprises



Multi-dose customers



About 185,000 patients in outpatient care used multi-dose dispensed drugs from Apoteket in 2012.

Net sales

Net sales declined 9.4 percent from the preceding year to SEK 10,206 (11,264) million. Both supply services and other sales of services showed a decrease because of lost county council agreements. Sales of multi-dose dispensed drugs declined due to several patent expirations, which resulted in lower prices.

Customer offer

Apoteket works to achieve quality assured, effective medication use, both at hospitals and in various types of housing. Apoteket has extensive experience supporting healthcare players in the pharmaceutical field and offers a wide range of services such as supplying medicinal products and manufacturing pharmaceuticals, as well as advanced training. Based on customer needs, Apoteket creates an optimal supply of medicinal products and customised services which increase opportunities for pharmaceutical treatment that meets quality assured standards.

Together with physicians, nurses, and in some cases, patients and families, Apoteket's staff also carries out drug utilisation reviews to improve the patient's medication use.

Apoteket also offers multi-dose dispensed drugs in outpatient and inpatient care under the ApoDos brand. Multi-dose dispensed drugs also provide opportunities for improved drug treatment compliance.

In addition, Apoteket offers several medication-related services aimed at healthcare staff, such as drug education.

Apoteket's contract customers include veterinarians and professional pet owners. Apoteket provides services related to ordering and delivery, prescription fees and handling of licenses for medicines through the animal pharmacy in Eskilstuna.

Apoteket also offers home delivery of special foods to patients or residential care facilities, as well as delivery of drugs and special animal feed to veterinarians and farmers.

In addition, Apoteket produces extemporaneous drugs. Such drugs need to be individually customised, or they may have a short shelf life and must be produced close to the patient.

Contracts won and lost

All county councils have now awarded contracts to medication suppliers following a competitive procurement process. Apoteket has agreements with several county councils to supply medicinal products for inpatient care. During the year Apoteket won contracts with the county councils in Gävleborg, Dalarna, Värmland, Östergötland, Uppsala, Norrbotten, Västerbotten, Jämtland and Västernorrland. These county councils also signed agreements with Apoteket regarding production of extemporaneous drugs. Apoteket also won contracts with Region Västra Götaland and Region Halland.

Stockholm County Council renewed its agreement with Apoteket for medicinal product support following a public procurement process. However, Apoteket lost the county council's extensive contract



ApoDos is Apoteket's service for multi-dose packaging of medications.

to supply medicinal products and produce special medications, which corresponded to more than 20 percent of the tender value for the supply agreements in the healthcare market.

With respect to provision of multi-dose dispensed drugs, the county councils in Kalmar, Kronoberg, Blekinge, Östergötland and Jönköping carried out a joint public procurement process and awarded Apoteket the contract. Apoteket also won the joint procurement process for delivery of multi-dose dispensed drugs to the county councils in Jämtland, Norrbotten, Västerbotten, Västernorrland and Stockholm County, as well as Region Gotland.

Major changes in the multi-dose dispensed drug market

During the year, new players in the multi-dose market signed contracts with the county councils. These agreements will take effect in 2013, which means major changes in the multi-dose dispensing market and for Apoteket, which was previously the sole supplier.

Several of Apoteket's existing agreements for multi-dose dispensed drugs have been extended by customer request until the new players take over the contracts. The extended agreements are thus in effect during parts of 2013 and 2014.

During the year Apoteket took yet another step to improve the efficiency of the dose dispensed drug business by consolidating operations to two locations, Umeå and Örebro.

Changed agreements and pricing pressure

In response to strong downward pressure on prices and less extensive contracts, the total value of county council contracts has decreased. More and more county councils are choosing to manage certain parts of the supply of medicinal products in-house. Overall, this trend affects the entire contract market, including Apoteket's operations and processes. Apoteket is therefore constantly working to improve and adapt its organisation to the market, as well as to the new and changing needs of its customers.

Under the Public Procurement Act, health care contracts for services must be awarded competitively. As part of a more comprehensive and enterprise-wide structure, Apoteket has organised the operation to best meet customer requirements and offer competitive bids.

Other operations

Other operations include Apoteket's support services, as well as business development, product line, marketing, logistics, business development and sales of health services to commercial enterprises.

Product line

Apoteket strives to offer consumers and contract customers the most attractive product lines of goods and services. The product line is selected based on Apoteket's carefully established criteria for quality and sustainability, including environmental impact, as well as the needs and requests of our customers.

The volume of prescription drugs does not increase significantly from year to year and margins on these drugs are limited. In recent years, however, the number of retail outlets increased since a selection of non-prescription drugs is also sold in other retail outlets. In order to broaden the company's offers in response to the increased competition, Apoteket needs to increase sales of health products by offering a range that is relevant and attractive to customers. Close cooperation with suppliers is important to be able to create the best customer offer.

Apoteket works with strong, established brands in combination with its own proprietary brands. During the year Apoteket developed its range of products and services. Many new products were launched; in particular, Apoteket expanded its line of private label products. Customers now have the opportunity to choose from a broader line of Apoteket's carefully selected and controlled health products.

Read more about Apoteket's line of products in the Sustainability Report, which begins on page 22.

Logistics

To ensure a competitive, high-quality supply chain to all of the Group's businesses, Apoteket has assigned responsibility for all logistics to the logistics unit, thereby integrating all processes in a cost-effective structure.

The logistics unit is responsible for the entire company's needs of inventories, picking, packing and provision. It is based in a number of supply units consisting of distance pharmacies, pet pharmacies, multi-dose-dispensing pharmacies, wholesale warehouses and units for supply and production for inpatient care.

The supply units carry out order picking and dispensing for both consumers and contract customers. These supply units also deliver drugs and all other products to all of Apoteket's distribution and sales channels, such as e-commerce, pharmacy and pharmacy representatives. In addition, the multi-dose-dispensing supply units produce individually packaged drugs in daily doses for patients.

Djurapoteket in Eskilstuna is a pharmacy specialising in drugs for animals and focuses on farmers, veterinarians and other business-people in the animal segment.

To increase efficiency and reduce costs, during the year Apoteket transferred operations at several hospital pharmacies to supply units in Mölnlycke, Malmö and Lund. The supply unit in Mölnlycke was established in late 2011, but was not in full operation until 2012. During a running-in period, efforts have been ongoing to stabilise delivery reliability.

Apoteket's wholesale business buys goods from producers and distributes them to Apoteket's shops and production units. It is the largest supplier in terms of volume to



the company's outpatient pharmacy. A total of about 60 percent of all packages that go to different units within the company come from Apoteket's wholesale operation.

During the year the wholesale operation also began to handle some of the distribution of parallel imported medicines.

Apoteket's operations outside Sweden

Apoteket has previously offered services to customers in healthcare and medical services in Norway. Beginning in the second quarter, however, Apoteket discontinued operations for multi-dose dispensed drugs in Norway because the operation was running at a loss. Apoteket has a dose-dispensing operation in Germany that is also running at a loss.

Business development and health services for businesses

Attractive new offerings are a key success factor in order for Apoteket to remain competitive in the pharmacy market. Consequently, Apoteket evaluates new business opportunities as they arise.

Businesses and organisations are expressing growing interest in Apoteket's health services. Apoteket's health checks form the foundation of the offering, which can be expanded with a variety of services and products based on the company's needs. Several large Swedish companies offer their employees Apoteket's health checks, either at one of the over one hundred pharmacies at which Apoteket's health coaches can be found, or on-site at work.

Sustainability Report

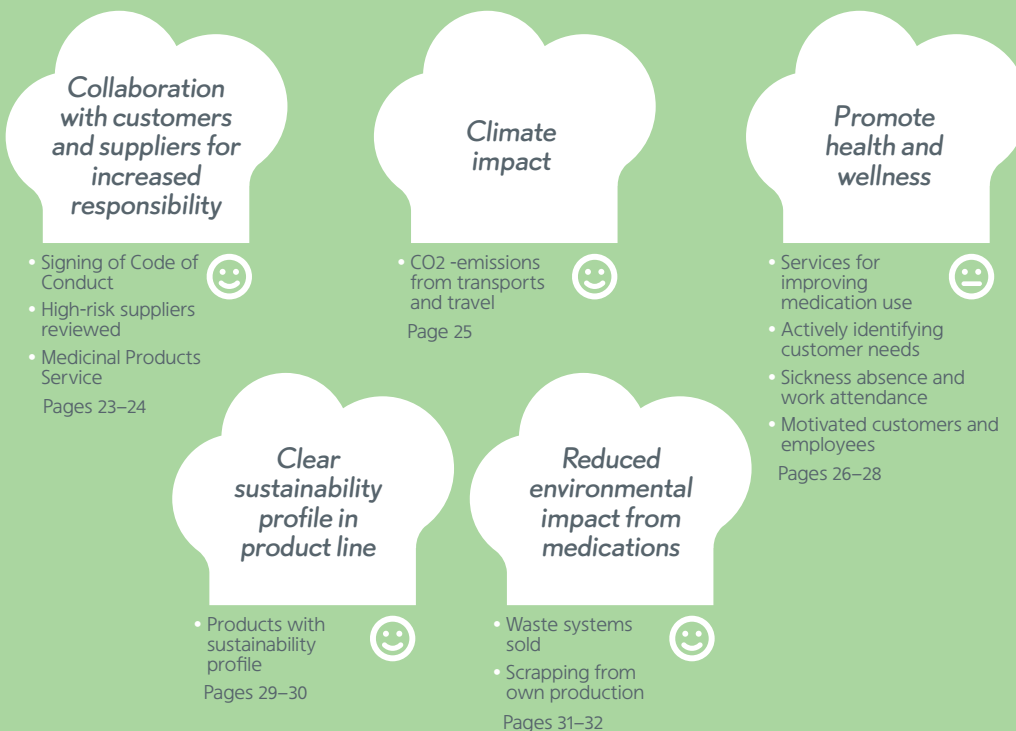
Apoteket's sustainability work will help to improve the health and wellbeing of the individual, while contributing to a sustainable development of society. The sustainability initiatives encompass the entire value chain from producer to end customer and recycling. The ambition is to continually develop the sustainability work so that it will permeate the business as far as possible.

Apoteket's Sustainability Report, including GRI index, presents sustainability-related successes and challenges that are particularly important for stakeholders. The GRI index is addressed on pages 90–93.

Priority issues

At the core of Apoteket's sustainability work is its vision: *A Life in Health*. Efforts to improve use of medication lowers socio-economic costs, reduce the environmental burden and not least, alleviate ill-health and suffering for the individual. Pharmaceutical services to the healthcare system are one part of this, as are proactive health services aimed at consumers. Other particularly important sustainability issues involve advocating good working conditions both for Apoteket's own employees and for suppliers, a clearer sustainability profile of the product line and reduced environmental impact from drugs. Climate change affects everyone, and of course it is important that Apoteket helps to reduce carbon dioxide emissions from shipping and business travel. Below is a presentation of high-priority target areas which together constitute Apoteket's sustainability programme.

Target areas in Apoteket's sustainability programme



Collaboration with customers and suppliers for increased responsibility

In order for Apoteket to be able to offer products and services that customers want while constantly improving production conditions, interaction with both customers and suppliers is essential.

Collaboration with customers

The services that Apoteket offers contract customers help to increase patient safety and improve medication use. With its Medicinal Products Service, Apoteket helps the healthcare system with the responsibility for its pharmaceutical supplies. Efficient product line management results in cost effective and safe medication use, which in turn means reduced environmental impact due to minimal waste. Apoteket's goal is to make The Medicinal Products Service available at more hospital wards over the next two years. In 2012, 88 percent of the number of potential hospital wards had implemented the service. In the customer encounter at outpatient pharmacies, Apoteket's employees can teach customers about drug use and the environment. To strengthen the customer dialogue on these issues in 2013, Apoteket will focus on providing in-house e-training to increase employee knowledge of Apoteket's sustainability initiatives.

COLLABORATION WITH SUPPLIERS

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
New self-care suppliers who signed Apoteket's Code of Conduct, %	84	90	95	100	100	100
Percentage of high-risk suppliers reviewed, % ¹⁾	-	100	-	100	-	-

¹⁾ No targets set. Suppliers are classified based on a developed model.

Collaboration with suppliers

Hundreds of suppliers stand behind Apoteket's line of products and services. Apoteket conducts an active and long-term initiative to work with suppliers to develop successful partnerships that contribute to sustainable development. Each supplier collaboration has its unique challenges and potential, and the ability to influence suppliers' sustainability efforts varies.

Follow-up of suppliers of non-prescription drugs and other health products

Apoteket's line of non-prescription drugs and other health products, also referred to as its self-care product line, includes non-prescription drugs for pain and allergies, wound, dental and skin care products, and cosmetics. Apoteket has a Code of Conduct that is part of all agreements with self-care providers with requirements for quality, environmental and social issues, as well as business ethics and animal welfare. Apoteket always conducts a risk assessment of new suppliers based on supplier meetings, a supplier self-assessment, and the country in which production occurs. Depending on the results of the risk assessment, Apoteket determines whether an on-site review of the factory is needed, regardless of the location of the factory.



Pharmaceutical suppliers

Prescription drugs comprise the majority of Apoteket's range of products. Like any pharmacy chain, Apoteket has the obligation to provide all approved medications that are prescribed. Consequently, opportunities to select or eliminate individual suppliers are limited, and it is not possible to work with the same type of follow-up as for retail goods suppliers. However, Apoteket participates in various forums and is active in the industry organisation, the Swedish Pharmacy Association, where it is possible to indirectly influence suppliers.

Other purchasing

Work began in 2012 to create a clearer, more systematic approach to purchases of "indirect materials", such as store fixtures, work clothing and consumable supplies. All approved suppliers must be included in Apoteket's purchasing portal and the goal beginning in 2013 is to have all new suppliers sign Apoteket's Code of Conduct.

Apoteket was best in it's industry in the Sustainable Brands survey, which scores Sweden's most sustainable brands, ranking seventh of all 200 surveyed companies.

Climate impact

The transport of goods accounts for most of Apoteket's impact on the climate. The opportunity to influence the climate impact varies among different parts of the transport flows. Another important issue is the employee contribution to climate change through business travel, which is an area in which many people can make a difference.

Internal goods transports

Internal transports include transports to Apoteket's customers and transports from Apoteket's own wholesale operation to the various businesses. Apoteket is working to reduce carbon dioxide emissions by coordinating transports and improving the environmental performance of its transport fleet. The goal is to reduce carbon dioxide emissions from internal transports in relation to the number of delivered packages. Several of Apoteket's contract customers place stringent demands on transports with respect to better service, shorter lead times and environmental standards for vehicles. Such demands sometimes make it more difficult for Apoteket to coordinate transports in an effort to reduce carbon dioxide emissions per delivered good.

External goods transports

The majority of Apoteket's transports are external, i.e., transports from other wholesalers, which means both less transparency and potential for Apoteket to have any influence. As a result of the bankruptcy of the carrier Panaxia during the year, Apoteket's other carriers gained an increased proportion of total transports. The expectation is that in the long-term, this change will lead to more coordinated runs and thereby reduce carbon dioxide emissions from external transports.

Climate-smart employees

Another climate impact source is employee travel. Apoteket's goal is to reduce emissions per kilometre of business travel by 10 percent by 2013, compared with 2011. About 54 percent of new company cars transporting met the Swedish Transport Agency definition of clean vehicles in 2012.

CLIMATE IMPACT

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
Carbon dioxide emissions from own goods transports ¹⁾ (grams per package)	74	44	–	39	43 ²⁾	–
Travel more climate smart (reduced carbon dioxide emissions, grams per kilometre of business travel)	216	228	217	205	205	194
Carbon dioxide from business trips ³⁾	415	460	–	440	–	–

¹⁾ Own goods transports, both retail and wholesale, beginning in 2011.

²⁾ The target value for 2013 will be adjusted during 2013 because the amount of carbon dioxide emissions per packaging was substantially less than expected in 2012.

³⁾ No targets set.

Promote health and wellness

Apoteket makes it easier for customers to feel good by offering high availability to products, health services and advice for sustainable use of drugs and better health. Initiatives focusing on the health, well-being and development of Apoteket's employees will also strengthen the credibility of the customer encounter and the aspiration to be an attractive employer.

Quality in the customer encounter

Apoteket actively works towards the goal of always identifying customer needs in order to offer customers good advice as well as additional products. With this strategy the customer meeting contributes to better health and medication use, while reducing the amount of discarded drugs. Apoteket follows up using the methods Mystery shopping and Mystery calling.

Sustainable medication use in health care

Apoteket offers a wide range of services, all aimed at more sustainable use of medications in health care, such as drug utilisation reviews (see page 18). Many of the issues that Apoteket has long advocated to achieve sustainable use of medicines are included in the new national drug strategy, which increases the focus on the issue and additional opportunities to develop pharmaceutical services. One goal for Apoteket is to be the healthcare system's best partner for supplying medicinal products and promoting the correct use of medications.

Health services at the pharmacy

Another important aspect to improve medication use is proactive health campaigns. Apoteket offers health services for consumers to prevent disease and to support a healthy lifestyle. In 2012 far fewer services were performed than were targeted, suggesting that the target was too high. Because the services did not have the predicted breakthrough a review will be carried out in 2013.

Focus on patient safety

Patient safety is central to Apoteket's operations and the number of dispensing errors should be minimised. Apoteket identifies and analyses dispensing errors in order to learn from them and work preventively. Of the total number of dispensed prescriptions, the dispensing error rate was 0.07 per thousand, about the same as the previous year (0.06 per thousand). Cases that resulted in, or could have resulted in, serious consequences for the customer are reported to the National Board of Health and Welfare in accordance with lex Maria. During the year eight lex Maria reports were submitted.

CUSTOMER HEALTH AND WELL-BEING

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
Number of drug utilisation reviews carried out ¹⁾	35,000	22,300	25,000	11,632	14,500	17,980
Number of services carried out for consumer and corporate customers ²⁾	–	39,452	105,000	27,840	50,000	70,000
Employees actively identify prescription customer needs, %	–	33	50	37	50	60
Employees actively identify self-care customer needs, %	–	75	80	74	80	80
Results Mystery calling, %	–	72	78	69	80	80

¹⁾ The decrease is due to a lower market share.

²⁾ Beginning in 2013 goals are set for a number of services carried out for both consumer and corporate customers.



Competent, engaged and satisfied employees are the key to building credibility in the customer encounter and to developing the company.

“Check your drugs” – a showcased campaign

Apoteket has been working to improve patient safety for several years. Apoteket is working with pensioner organisations PRO and SPF in the collaborative project “Check your drugs”, with a special focus on improving drug use among older people. The initiative garnered an honourable mention at the “Guldpillret” (golden pill) awards ceremony held by Dagens Medicin and Apoteksgruppen in November 2012. The jury noted that more than 30,000 pensioners have been educated in workshops throughout Sweden and after four years of opinion shaping, the project has gained support for several demands. Among other things, the National Board of Health and Welfare has now tightened its regulations so that a simple drug review is offered to people over the age of 75 who are prescribed five or more medications.

Employee health and well-being

Apoteket wants to be the best employer in the industry. Initiatives focusing on the well-being and development of employees are important for being an attractive employer, building credibility in the customer encounter and developing the company. Leadership training, health certification and inspiration groups for diversity are some of the activities held in 2012. Apoteket’s employees have experienced great stress during the year as a result of challenges such as migration of IT systems, IT disruptions, lost accounts and major changes in the business on the contract side. The increased level of stress is evidenced by increased absenteeism and the outcome of this year’s employee survey, which measures employee motivation. Apoteket intends to work to reverse the trend during the near future.

EMPLOYEE HEALTH AND WELL-BEING

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
Work attendance, %	69	68	73	66	71	74
Sickness absence, %	3.6	3.6	3.3	3.7	3.5	3.1
Percentage motivated employees,% ²⁾	70	72	74	68	72	75

²⁾ Based on Apoteket’s annual employee survey.

Apoteket wants to be the best employer in the industry.

Competition for employees is tough in the pharmacy industry today, placing high demands on the ability to attract, develop and retain skilled and dedicated employees. Consequently a target has been set beginning in 2013 to improve employees' impressions of Apoteket as an attractive employer. Apoteket continues to top the list when pharmacist students rank pharmacy operators as ideal employers in Universum's pharmacist survey.

Good leadership

An attractive employer excels by having good leaders who inspire and work towards clear goals. Management talent at Apoteket is identified annually and sent for management training. Various forms of support and development initiatives are offered to managers at various levels. The goal is to secure the necessary characteristics of a good manager, such as knowledge of laws, agreements, recruitment and the work environment, as well as to develop leadership through transparency, communication and inspiration. Managers should be role models at work.

A place for development

The opportunity for skills development is important for Apoteket's employees. Skills are also crucial for customers to trust Apoteket and receive the right support from Apoteket's employees. During the year a skills development system called "Skills Check" was implemented to help match the right skill in the customer encounter. Apoteket's expanded range of pharmacy and health services also creates opportunities for skills development and new roles. The "Skills Check" programme includes both required and voluntary skills enhancement initiatives linked to different roles within the company.

Health ambassadors

Apoteket's employees will help promote customer health through the knowledge, products and services as well as the information they communicate. It is therefore also important for Apoteket to dedicate resources to the health of its own employees. During the year several managers attended a course in Health-conscious Leadership, with a focus on the health perspective as a natural part of the role as leader. Eight businesses also passed Apoteket's own health certification process and several other workplaces have begun working on health certification.

Diversity as a factor for success

Apoteket actively works to increase and use diversity in its operations. The fact that Apoteket's employees come from 83 different countries is also a huge asset for customers. For many years the company has offered a simple online solution that enables the employee in the customer encounter to find colleagues with 64 different native languages who can provide support in the customer encounter. Apoteket actively worked in 2012 with issues pertaining to diversity with respect to sexual orientation through participation in the Pride Festival and by starting an inspiration group with a focus on these issues. One aspect of diversity with room for improvement is how Apoteket as an employer can help employees with disabilities.

Gender equality initiatives

Only 14 percent of Apoteket's employees are men and the company has set the goal of increasing that percentage. One challenge is that the sex ratio is already skewed in the pharmaceutical education programmes.

Clear sustainability profile in product range

Apoteket's ethos is that all non-prescription drugs and other health products in the product line are safe and designed with respect for people and the environment.

Each product is thoroughly reviewed before Apoteket includes it in the product line:

All self-care goods, i.e. products that are not prescribed medications, are reviewed in seven steps:

1. **Needs check:** All of Apoteket's products must make it easier for customers to feel good.
2. **Supplier check:** Only the most serious suppliers and producers are good enough and therefore all of Apoteket's suppliers must comply with high standards.
3. **Function check:** Apoteket, independent experts and consumer panels ensure that the products offer the right function and perceived feeling – with respect to both content and packaging.
4. **Mildness check:** Experts review the products to ensure they are gentle for the customer, entail minimal potential for allergic reactions and do not contain any unnecessary ingredients.
5. **Environmental check:** Both Apoteket's own experts and independent experts check that product contents and packaging comply with Apoteket's high environmental standards.
6. **Expertise check:** Expertise and knowledge are important for Apoteket to be able to recommend the right product for the customer's needs; consequently employees receive training and their knowledge is tested regularly.
7. **Checked by the customer:** Apoteket has done everything in its power to ensure that the products on the pharmacy shelves are of the highest quality. But the customer is the toughest test, and of course, customers receive a refund if they are not satisfied for any reason.

Apoteket has set an objective that products should not contain unnecessary substances, such as unnecessary additives, dyes and perfumes. It is also what customers widely demand. Apoteket works in collaboration with suppliers to eliminate or replace substances that may have an adverse effect. In some cases, however, undesirable substances must be included in order for the product to have the intended function. In 2012 Apoteket introduced its Red List, a compilation to serve as a guideline that clarifies for suppliers what Apoteket thinks about certain substances. In addition to the product's contents, Apoteket also sets requirements for packaging, including labelling.



Products that meet Apoteket's stringent sustainability requirements

Besides Apoteket's systematic review of all health products that are not prescription drugs, the product line includes some products with an extra clear sustainability profile. These products are environmentally friendly and fair trade labelled, as well as especially asthma and allergy-friendly. In 2013 Apoteket will focus on the fragrance-free options in the product line in response to customer demand. In addition, the objective for the coming year is to increase employee knowledge about Apoteket's quality assurance programme for products to be able to communicate this aspect in the customer encounter.

CLEAR SUSTAINABILITY PROFILE IN PRODUCT RANGE

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
Number of products with clear sustainability profile ¹⁾	85	103	125	130	-	-

¹⁾ Environment, asthma & allergy, organic, fairtrade products or equivalent.
Replaced as of 2013 by new key indicator for number of fragrance-free options.

Apoteket's private label products

Private Label Products (PLP) are becoming increasingly important for Apoteket. In addition to being an affordable alternative to leading brands, the PLP product line (see pages 14 and 20) will be characterised by simplicity and by being extra gentle to both people and the environment. A large portion of Apoteket's private label product line is also completely fragrance-free. The product packaging should be simple to use and should not contain any more material than necessary. Moreover, the product information should be easy to understand.

Reduced environmental impact from medications

Apoteket wants to reduce the unnecessary environmental impact of medications, from both production and use as well as after they are discarded. Education, information and advocacy are important initiatives.

Pharmaceutical suppliers and authorities

A large part of the environmental impact of medications takes place during production. Apoteket's aspiration is to indirectly, by pursuing a common cause with other organisations, influence producers and government agencies both in environmental and other issues related to drugs and pharmacies. In 2012 Apoteket participated in the Swedish Environmental Management Council initiative to formulate guidelines for environmentally sustainable procurement. In those cases in which it is possible to negotiate with pharmaceutical suppliers, such as for parallel imported pharmaceuticals, pharmaceuticals from suppliers whose prices are not set by the Dental and Pharmaceutical Benefits Agency and non-prescription drugs, Apoteket always places demands on both social accountability and environmental responsibility in accordance with its internal sustainability programme.



Simple system for medical waste

Demand for Apoteket's service with waste containers for medications has increased during the year. The service entails cost-effective, reliable and environmentally sound management of medical waste for various activities, such as health care centres, assisted living centres, veterinarians and farmers. The service reduces the environmental impact from medications within municipalities and county councils.

Reduced impact of own operations

For several years Apoteket has systematically pursued initiatives such as new technology and new working methods to reduce the amount of discarded medicines from its own production within the multi-dose-dispensing pharmacies and hospital pharmacies. In 2012, scrapping from production of multi-dose dispensed drugs was 1.6 kilograms per 100 patients using multi-dose dispensed drugs, a slight increase compared with the previous year. Scrapping from production of special medications was 0.18 kilograms distributed across the total number of preparations, which essentially equals the level in 2011.



Environmental impact of medications

Drugs can pass relatively unchanged through both the human body and sewage treatment plants. Substances can therefore still be active and impact living organisms when they are released into the environment. For example, antibiotics may lead to resistance development. A significant part of pharmaceutical production currently takes place in low-cost countries such as India and China. Extremely high concentrations of pharmaceuticals have been identified in wastewater from pharmaceutical factories in several locations in these countries, resulting in major environmental and health problems.

Prevention through advisory services and education

Apoteket informs customers about what they can do to prevent leftover medications. Customers can ask their doctors to prescribe a starter pack, to be able to try the drug so waste is reduced if treatment must be discontinued. Apoteket's education programmes aimed at medical and social services staff address the environmental aspects of medications and how medications should be discarded.

Medical waste from the public

Apoteket works to inform customers about the importance of turning in leftover medications at the pharmacy. During the year Apoteket participated in an industry-wide information campaign to increase the rate of collection and awareness among customers as part of the national drug strategy. Apoteket sent about 356 tonnes of medical waste for destruction during the year, the majority of which was collected from the public. Since the issue is important for customers, a new key indicator has been implemented to enable Apoteket to monitor the trend and educate customers so that an even larger percentage of leftover medications can be handled using an environmentally sound method.

ENVIRONMENTAL IMPACT FROM MEDICATIONS

	Outcome 2010	Outcome 2011	Goal 2012	Outcome 2012	Goal 2013	Goal 2014
Number of waste systems sold, increase in % ¹⁾	-	181	217	1,919 ²⁾	261	313
Scrap from own production – multi-dose-dispensing pharmacies, kg/100 patients receiving individually packaged drugs in daily doses ²⁾	-	1.2	-	1.6	-	-
Scrap from own production – hospital pharmacies, kg/preparation ³⁾	-	0.17	-	0.18	-	-

¹⁾ A waste system consists of a number of waste cartons, e.g. three-pack, five-pack, etc.
²⁾ Apoteket sold more waste systems than expected to one of its contract customers in 2012.
³⁾ No targets set.

Developed sustainability management

According to both general expectations and government ambitions, state-owned enterprises should be role models for sustainability initiatives. In order to live up to these expectations, clear management of these issues is crucial. Apoteket's quality and environmental management systems are the tools used to work systematically with both sustainable development and continuous improvement of operations.

Integrated follow-up

Sustainable development is one of the cornerstones of Apoteket's business plan, which means that financial, social and environmental responsibility will permeate both management and follow-up of operations. An important development compared with previous years is that Apoteket's executive management monitors its sustainability programme goals and other key performance indicators concurrently to the quarterly follow up of financial targets. An ongoing materiality analysis with discussion of the strategic focus on sustainability completes the approach.

Implementation and education

A member of executive management is appointed to be responsible for each goal and indicator in the sustainability programme to ensure that action plans are formulated and implemented in order to facilitate a systematic approach so that the goals can be achieved. In order to integrate the sustainability perspective into daily operations, regular training is provided for employees, including Our sustainable development, Our Environment, targeted workplace safety training programmes and training related to the product line.

Work and responsibilities of the Board of Directors

Apoteket's Board of Directors is ultimately responsible for the sustainability programme and Sustainability Report. The Board of Directors takes decisions annually regarding policies, goals and strategic focus within the field of sustainability and the GRI level for the Sustainability Report. The Board's own assessment documentation includes questions to monitor the competence and performance of the Board in relation to sustainability.

APOTEKET'S POLICIES

Quality policy • Environmental policy • Ethics policy • Personnel policy • Product line policy • Purchasing policy • Brand policy
Financial policy • Safety and Security policy

Apoteket's Code of Conduct and travel guidelines are examples of other governing documents that concern sustainability initiatives. All governing documents are available to Apoteket's employees on the intranet.

Sustainability management tools

Apoteket uses its quality and environmental management system to guide its sustainability initiatives.

Customers must be able to rely on consistently high quality that addresses concerns related to the environment, people and society.

The management system is certified in compliance with environmental management standard ISO 14001 and is regularly reviewed by an independent party.





Stakeholder opinions and expectations regarding sustainability will help Apoteket to minimise risks and find new opportunities to be developed.

Strategic development dialogue

For Apoteket, an active and open dialogue with its stakeholders is important. Stakeholder knowledge and expectations are constantly rising with respect to sustainability issues. By identifying issues at an early stage, Apoteket can both reduce risks and find opportunities for strategic development and innovation.

Analysis of ongoing dialogues

Apoteket maintains an ongoing dialogue with various stakeholder groups on relevant issues. One example is the ongoing initiative to listen to customers and identify their needs. For this purpose, social media have become yet another valuable channel to conduct a transparent dialogue with the opportunity for rapid feedback and action.

In previous years, separate stakeholder dialogues were also carried out as a basis for the focus of the Sustainability Report. However, in 2012 Apoteket conducted a major project to compile stakeholder expectations on sustainability issues based on existing dialogues. Page 35 presents a summary of Apoteket's interest groups. The summary provides a valuable overview that among other purposes has been used in discussions on goals and materiality by Apoteket's executive management.

Top priority issues for Apoteket's stakeholders in 2012

- Improved medication use, read more on pages 26–27, 31.
- Safe and functional products, read more on pages 29–30.
- Management of medical waste, read more on page 32.

OVERVIEW OF APOTEKET'S IMPORTANT STAKEHOLDER GROUPS AND SUSTAINABILITY ISSUES

STAKEHOLDER GROUP	DEFINITION	CHANNEL	SUSTAINABILITY ISSUES	INTERVENTION/ RESULT
Customers	Contract customers	Specifications, contract negotiations, meetings, deliveries, deviations and complaints	Environmentally friendly transports, Apoteket's contribution to help customers reach their environmental objectives, filling ratio of transport packages and delivery vans	Live up to environmental requirements in procurement processes. Dialogue with customers about collaboration
	Consumers	Consumer surveys, Mystery shopping, Mystery calling, customer feedback, complaints, Facebook, Twitter	Chemicals (safe products with good function) resistance to antibiotics, collection of medications, environmental impact of medications and transports	New key indicators for collection of pharmaceuticals, existing targets for CO2 emissions from transports
Employees	Current employees	Employee surveys, performance appraisal, intranet, inspiration groups, work crew meetings, suggestions for improvement, workplace health and safety studies, unit meetings	Reorganisation, skills development, health (necessary to be able to do a good job and therefore experience job satisfaction)	Support system for skills development, clearer roles, introduction of Performance Management
Suppliers	Retail goods suppliers Pharmaceutical suppliers Suppliers of indirect materials	Contract negotiations, regular meetings, feedback sessions, audits, e-mail questions	Safe products with good function, environmental concerns	Apoteket's Red List
Universities and colleges	Institutions of higher learning for pharmaceutical programmes, students, prospective employees	Job fairs, events at universities and student unions, national traineeship council	That Apoteket is a fair company with good values and long-term thinking regarding both business and sustainability	Discuss about Apoteket's sustainability programmes (see Channel column)
Interest groups	The Swedish Cancer Society, SOS Children's Villages, National forum for disability and pensioner organisations, Medical Expert Council, A Swedish Classic, Friskis & Svettis (health centre), 1.6 million club	Meetings, sponsorships, collaborations and lobbying for improved medication use and health, seminars, Almedalen week	Improved medication use, sustainable health, accessibility for people with disabilities	Regulatory change regarding mandatory drug review, Apoteket's Cardiovascular checkup, "Check your drugs" campaign
Media	Channels used to learn about and share knowledge about stakeholders, as well as to influence the image of Apoteket	Publications, radio, TV, press releases, social media	24-hour rule, generic model, pricing model, IT malfunctions, patient safety. Apoteket's line of products, e.g., product contents, chemicals and self-tests	New services and changed down times to deal with the challenges of the 24-hour rule
Owner	Swedish government	Ownership policy, shareholder dialogue, board meetings, seminars	Increased demand for integrated sustainability initiatives in 2012, clearer process for Board of Directors, consider sustainability during decision-making	The Board's continued decisions about policies, strategy, sustainability and GRI level. Self-assessment including sustainability expertise

See also GRI index pages 90–93.

Administration Report

The Board of Directors and the President of Apoteket AB (publ.), Corp. Reg. No. 556138-6532, hereby submit the annual accounts and consolidated financial statements for the financial year 1 January–31 December 2012. The company has its registered office in Stockholm.

Owner

Apoteket is owned by the Swedish state and managed by the Ministry of Finance. Business is conducted under market-based terms and conditions. The number of shares in Apoteket totals 175,000.

Significant events of 2012

- In April, Apoteket received new ownership guidelines, including restrictions on establishment and renewal of the mandate to run Sweden's pharmacy representatives.
- Apoteket won contracts with eleven counties and regions to supply medicinal products for inpatient care. The tender value of new agreements is considerably less than previously due to reduced content and price pressures.
- In response to changed customer demands, Apoteket developed new supply solutions in dialogue with the customer. Operations at several of Apoteket's hospital pharmacies were transferred to supply units in Mölnlycke, Malmö and Lund.
- During the second quarter, Apoteket worked with the healthcare system on the complex project of transferring all e-unit dose prescriptions to a nationwide register in order to make the prescriptions available to other market participants.
- Apoteket won contracts to continue supplying multi-dose dispensed drugs to eleven county councils and regions. In response to changes in the unit-dose market Apoteket decided to concentrate its multi-dose dispensing service to Umeå and Örebro.
- Beginning in the second quarter, however, Apoteket discontinued operations for multi-dose dispensed drugs in Norway.
- Apoteket's carrier Panaxia declared bankruptcy during the year and as a result Apoteket selected new providers for goods transports and valuables in transit.
- During the year Apoteket implemented cost-cutting measures.

Net sales and performance

Apoteket's net sales declined 6.8 percent in 2012, SEK 1,568 million less compared with the previous year, totalling SEK 21,392 (22,960) million. The decrease was due to increased competition in the health-care market and the consumer market.

SALES SUMMARY

Amount in SEK million	Full year 2012	Full year 2011	Change %
Sales, Consumer	11,001	11,444	-3.9
Sales Health Care & Enterprises	10,206	11,264	-9.4
Other ¹⁾	185	252	-26.6
Total net sales	21,392	22,960	-6.8

¹⁾ Other refers in part to sales by foreign subsidiaries.

Revenue analysis

For self-operated shops within the Consumer business area, sales of prescription drugs fell, while sales of non-prescription drugs and other pharmaceutical products rose. The gradual transition to franchise operations also contributed to the reduction. Sales in Health Care & Enterprises decreased as a result of lost county council agreements. Sales of multi-dose dispensed drugs declined due to several patent expirations, which resulted in lower prices.

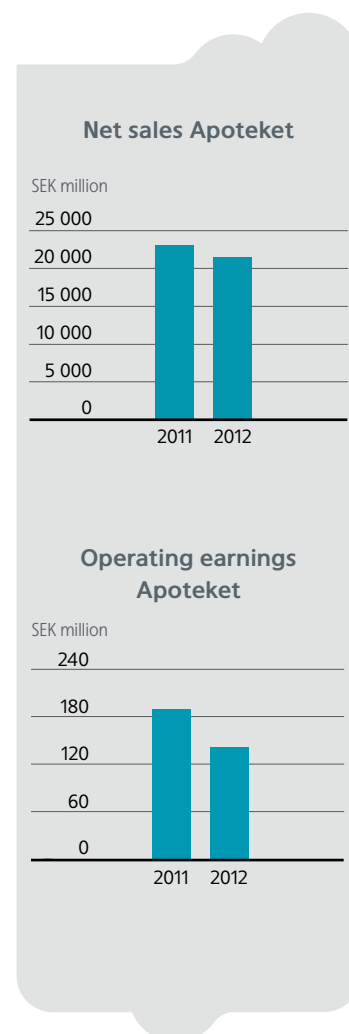
Operating earnings

Operating earnings for the period amounted to SEK 141 (189) million, which was an improvement of SEK 48 million compared with the previous year. Operating earnings include restructuring costs of SEK 85 million, of which SEK 43 million relates to impairment, mainly relating to closure costs for the Norwegian operation and restructuring of multi-dose dispensing operations and staff reductions.

Depreciation, including impairment losses, totalled SEK 198 (132) million.

Net earnings

Net earnings amounted to SEK 367 (391) million in 2012. Compared with 2011, earnings were affected by lower returns on pension assets in Apoteket's pension foundation, though this was partly offset by lower tax expense resulting from the translation of deferred tax at the lower corporate tax rate applicable from 1 January 2013.



Cash flows

Operating cash flow totalled SEK 211 (–470) million for 2012, largely due to net earnings and lower investments compared with the previous year. Working capital changed marginally.

Cash flow from financing activities amounted to SEK –381 (–5,419) million. A dividend of SEK 200 million was paid to the owner.

Cash flow for the year was SEK –170 (34) million, while cash and cash equivalents on 31 December 2012 amounted to SEK 53 (223) million.

Investments

Investments in intangible assets and property, plant and equipment for 2012 amounted to SEK 134 (343) million and consisted primarily of investments in new construction and renovation of pharmacies, as well as investments in IT systems.

Financial position and return

Equity on 31 December 2012 amounted to SEK 2,820 million, up SEK 164 million compared with the preceding year-end figure. The change corresponds to net earnings for the year and dividend paid to the owner. The equity/assets ratio was 36.2 (32.1) percent, return on capital employed was 5.0 (4.6) percent, and return on equity was 13.8 (7.6) percent.

Net financial items for pensions totalled SEK 234 (386) million and other net financial items, which mainly comprises net interest income, totalled SEK –21 (14) million.

Interest-bearing net debt totalled SEK –1,785 (–1,776) million at 31 December 2012.

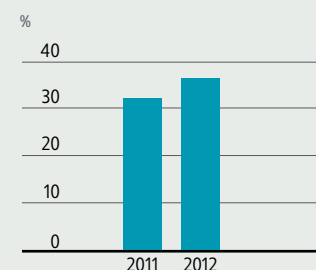
Analysis of change, interest-bearing net debt

SEK million	2012	2011
Opening balance 1 January	– 1,776	4,112
Operating cash flow	211	–470
Dividend	–200	–5,400
Other	–20	–18
Closing balance 31 December	–1,785	–1,776

Return on equity



Equity/assets ratio



KEY FIGURES, QUARTERLY

	2012:4	2012:3	2012:2	2012:1	2011:4	2011:3	2011:2	2011:1
Net sales, SEK million	5,342	5,074	5,420	5,556	5,618	5,612	5,926	5,804
Operating earnings, SEK million	37	70	14	21	–68	210	–2	48
Operating margin in %	0.7	1.4	0.3	0.4	–1.2	3.7	0.0	0.8

Parent Company

Net sales for Apoteket AB (publ) during the period amounted to SEK 13,960 (15,243) million. Operating earnings amounted to SEK –88 (109) million.

Apoteket received a payment from the pension foundation of SEK 267 (336) million in 2012. A Group contribution of SEK 289 million was received from subsidiaries. Net earnings amounted to SEK 56 (63) million.

Cash flow from operating activities amounted to SEK 361 (–602) million. Cash flow from investing activities amounted to SEK –147 (5,679) million. Cash flow from financing activities amounted to SEK –381 (5,039) million.

Cash flow for the period was SEK –167 (38) million.

Events of significant importance to an assessment of development, risks and uncertainties

The significant risks and uncertainties reported for the Group are also relevant for the Parent Company, see below.

Significant risks and uncertainties

Like all business operations, Apoteket's activities are exposed to risk and uncertainties that could impact the Group's ability to implement strategic plans as well as its earnings and position. Apoteket's risk management is designed to identify and prevent known risks and provide the requisite preparedness to handle risks that the company cannot influence.

Apoteket's risk management procedures were tested in 2012 in connection with the bankruptcy of delivery and security company Panaxia, which required a rapid shift to other suppliers.

Risk analysis

A businesswide risk analysis is carried out in conjunction with the annual budget process. The analysis takes place in terms of economic consequence and probability and shall include risk factors with effects on both short and long term. With regard to financial implications, consideration is also taken to long-term effects, thereby ensuring that consideration is taken to sustainability related risks.

Each area of operation carries out its part of the risk analysis and then executive management prioritises the risks with respect to financial consequences and probability so that 10–15 main risks ultimately remain.

These risks are categorised into political and market risk, operational risk and financial risk.

Political and market risk

These risks primarily include increased competition, economic risks and commercial risks associated with changes in the reregulation of the pharmacy market. Reregulation of the Swedish pharmacy market was formally terminated in March 2010 when the last pharmacy was scheduled to be transferred from the Group to the new owner. Apoteket's activities in the healthcare market have been subjected to competition since 2008.

The outpatient market is subjected to full competition. Since reregulation, Apoteket has reduced its operations from having the entire market to now having about one third

of the consumer market. It is a challenge to adjust costs as rapidly as required to fit the decreased operational scope. Meanwhile, forward-focused activities are in progress to generate revenue and raise profitability. These efforts are aimed at ensuring that Apoteket will remain the leader in a market characterised by a rapid rate of new start-ups and competition for customers, employees and attractive store locations.

The Swedish government is conducting studies to analyse the effects of reregulation of the pharmacy market. These studies may influence the playing rules for market participants.

New competitors are entering the healthcare market and the market for multi-dose dispensed drugs. Prior to reregulation, Apoteket had supply agreements with all Swedish county councils for drug supplies. The county councils have gradually issued calls for tender for drug supplies and related services. Calls for tender have also been held for dose dispensing services. Apoteket won certain contracts through procurement and lost others. The loss of contracts and changed terms entail reduced revenue and require operational adjustments to match expenses.

Apoteket will improve and strengthen the selection of other health products. Failure by Apoteket to achieve the set objectives for its range of goods and services could entail a profitability risk.

Operational risks

Operational risks mainly include risks associated with IT changes, changes in wholesaling operation and drug handling in the operation. The implementation of the new IT support system continued in 2012, resulting in continued risk for disrupted service and affecting customers in connection with such disruptions.

Since reregulation, Apoteket has established its own wholesale business. The build-up phase presents a major challenge in getting procedures and routines in place to ensure there are no disruptions in the supply chain to pharmacies.

Shortcomings in the management and use of drugs could result in widespread consequences, therefore product and patient safety are core factors for Apoteket. The company pursues extensive safety measures to minimise dispensing errors. Incorrect or poor counselling entails a risk of inappropriate drug use. Apoteket's employees are continuously trained in this area.

Shortcomings and gaps in the product line, and manufacturing conducted in a non-ethical manner, in addition to faulty counselling and incorrect dispensing, could seriously damage the brand and, thus, profitability.

Financial risks

Apoteket has a substantial pension commitment that is secured through Apoteket's Pension Foundation. The task of the foundation is to secure the employer's pension commitment by investing the foundation's assets in a prudent manner. If the value of the assets in the pension foundation trends negatively, this could result in Apoteket having to inject capital to secure the pension commitment. To ensure adequate risk control, the foundation has a clearly defined risk mandate. The foundation provides monthly feedback.

Apoteket's operations are limited in scope in terms of currency, interest rate and credit risks. Sales are largely paid for by credit card or cash. Customers in the healthcare market are municipalities and county councils. Overall, the credit risk is therefore low.

Financial risk management is governed by Apoteket's financial policy.

For more information about financial risk management, please see note 21.



Apoteket actively works to increase the health and motivation of its employees.

SENSITIVITY ANALYSIS

	SEK million
1% change in revenue, prescription sales	100
1% change in revenue, self-care sales	25
1% change in compensation and benefits, including social security contributions	20
0.25% change in the discount rate used in the calculation of the present value of the defined-benefit pension obligation	250

Sustainability Program

Apoteket has a sustainability programme with targets within high-priority areas such as health for customers and employees, responsible relations with co-suppliers, reduced climate impact, a clear sustainability profile in the product range and reduced environmental impact from medications. In 2012 Apoteket achieved several of its sustainability targets. Carbon dioxide emissions from business travel have decreased, as have emissions from own goods transports measured per package. Moreover, all new retail goods suppliers have signed Apoteket's Code of Conduct. During the year Apoteket also continued and further developed its fundamental product review system to ensure that health products sold at Apoteket should be safe and developed with respect for people and the environment. Some important challenges moving forward are that absenteeism increased and the proportion of motivated employees decreased compared with the previous year. Apoteket is addressing these issues through proactive health and education initiatives. For more information about sustainability initiatives, please see the Sustainability Report which begins on page 22.

Post-balance sheet events

Apoteket has no significant events to report since the balance sheet date.

Guidelines regarding the remuneration of senior executives

The 2012 AGM approved the Board's proposed guidelines, which entail that the company will apply the guidelines for employment terms and conditions for senior executives in State-owned companies, as set by the Government on 20 April 2009. The guidelines encompass a number of guiding principles.

The company must ensure that total remuneration of senior executives is reasonable and well-balanced. It must be competitive, have a set ceiling and be appropriate, in addition to contributing to a sound ethical and corporate culture. Remuneration must not be salary-leading in relation to comparable companies, but should instead be moderate. It should also act as a guide for the total remuneration of other employees.

The company shall ensure that remuneration to senior executives follows the guidelines established by the AGM. Based on the documentation, which served as the basis for the Board's original decision on remuneration, and using the Board's Corporate Governance Report as a starting point, the company's auditors will conduct a review to ensure that agreed remuneration levels and other conditions of employment are not exceeded. The company's auditors will also submit a separate report annually prior to the Board's accounts meeting to present their observations regarding compliance of the terms of employment for senior executives and other employees with the Board's decision and the guidelines adopted by the AGM. If the auditor feels the guidelines have not been followed, the reasons for this assessment must be stated. The company must continuously conduct market comparisons for this purpose to ensure that remuneration complies with the remuneration principles in relation to comparable companies.

Before taking decisions on individual remuneration, the company must ensure that written documentation is available showing the total cost of the set remuneration.

The company shall apply these guidelines in all subsidiaries and the guidelines must be approved by annual general meeting of shareholders for each subsidiary.

The company shall prepare, via the Remuneration Committee, all decisions relating to remuneration principles, remuneration and other employment terms and conditions of senior executives. Salary and benefits for the President and other senior executives are presented in Note 8.

Apoteket has had an incentive programme that extended over the course of the 2012 financial year. The programme can provide SEK 5,000 per employee/manager if all three bonus objectives are achieved. The bonus objectives were obligatory for all units and designed as financial improvement objectives for Apoteket and an improvement objective for the unit, as well as a quality objective for the unit. The results-based programme did not encompass senior executives and employees of support and staff functions, but solely employees in the operation.

Proposed guidelines for the period up until the next AGM

The Board's motion to the 2013 AGM is that Apoteket apply the guidelines for employment terms and conditions for senior executives in State-owned companies as set by the Government and which comply with the guidelines applying during 2012.

For further information on the State's ownership policy, refer to the Swedish Government's website.

Distribution of earnings

The Board's proposal for the distribution of earnings is presented on page 79.

Financial statements

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Consolidated statement of comprehensive income

Amounts in SEK million	Note	2012	2011
Net sales		21,392	22,960
Other operating income		132	81
Total revenues	5	21,524	23,041
Goods for resale ¹⁾	16	-17,175	-18,554
Other external costs	6, 7	-1,651	-1,867
Personnel costs	8, 15, 29	-2,359	-2,299
Depreciation and impairment	12, 13	-198	-132
Operating profit		141	189
Share of earnings of associated companies	14	-2	-3
Net financial items - pensions	15	234	386
Other financial income	21	3	35
Other financial expenses	21	-22	-21
Pre-tax earnings		354	586
Income tax	9	13	-195
Net earnings for the year		367	391
Other comprehensive income			
Change in translation reserve		-3	-
Comprehensive income during the year		364	391
Net earnings for the year attributable to:			
Parent Company's shareholders		367	391
Comprehensive income during the year attributable to:			
Parent Company's shareholders		364	391
Earnings per share, SEK	11	2,097	2,234
Number of shares		175,000	175,000

¹⁾ The term "Goods for resale" includes Apoteket's product costs for the sale of pharmaceuticals and other products.

Consolidated cash-flow statement

Amounts in SEK million	Note	2012	2011
Operating activities			
Pre-tax earnings		354	586
<i>Adjustment for non-cash items</i>			
Depreciation and impairment		198	132
Change in pension claim		-211	-361
Other		13	-115
Taxes paid		16	-27
Cash flow from operating activities before changes in working capital		370	215
<i>Cash flow from changes in working capital</i>			
Changes in inventories		1	-289
Changes in receivables		327	183
Changes in liabilities		-353	-236
Cash flow from operating activities		345	-127
Investing activities			
Investments in intangible assets	12	-37	-19
Investments in property, plant and equipment	13	-97	-324
Investment in short-term investments		-	5,923
Cash flow from investing activities		-134	5,580
Financing activities			
Change in current financial liabilities		-161	-1
Amortisation of debt		-20	-18
Dividends paid	27	-200	-5,400
Cash flow from financing activities		-381	-5,419
Cash flow for the year		-170	34
Cash and cash equivalents at the beginning of the year		223	189
Cash and cash equivalents at the end of the year		53	223

Cash flow from receipt of interest income amounted to SEK 3 (35) million.

Cash flow from receipt of interest income amounted to SEK 22 (20) million.

CONSOLIDATED OPERATING CASH FLOW

Amounts in SEK million	2012	2011
Cash flow from operating activities	345	-127
Investments in intangible assets	-37	-19
Investments in property, plant and equipment	-97	-324
Operating cash flow	211	-470

Consolidated balance sheet

Amounts in SEK million as at 31 December	Note	2012	2011
ASSETS			
Fixed assets			
<i>Intangible assets</i>	12	65	45
<i>Property, plant and equipment</i>			
	13		
Buildings, land and land improvements		30	42
Equipment		488	566
Total property, plant and equipment		518	608
<i>Financial fixed assets</i>			
Holdings in associated companies	14	22	24
Pension claim	15	2,489	2,278
Total financial fixed assets		2,511	2,302
Total fixed assets		3,094	2,955
Current assets			
Inventories	16	1,357	1,358
Accounts receivable	21	2,773	2,920
Current tax assets		52	152
Other receivables	17	289	496
Prepaid expenses and accrued income	18	172	145
Cash and cash equivalents	21	53	223
Total current assets		4,696	5,294
TOTAL ASSETS		7,790	8,249

Consolidated balance sheet

Amounts in SEK million as at 31 December	Note	2012	2011
EQUITY			
Share capital		175	175
Retained earnings		2,645	2,481
Total equity		2,820	2,656
LIABILITIES			
Long-term liabilities			
Deferred tax	10	641	738
Other provisions	20	10	14
Other long-term liabilities	21	23	43
Total long-term liabilities		674	795
Current liabilities			
Liabilities to credit institutions, interest-bearing	21	1,838	1,999
Accounts payable	21	1,992	2,188
Other liabilities		154	236
Accrued expenses and prepaid income	19	260	288
Other provisions	20	52	87
Total current liabilities		4,296	4,798
Total liabilities		4,970	5,593
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		7,790	8,249
Contingent liabilities			
Sureties, PRI Pension Guarantee	20	35	32
Guarantee commitments, others		56	66
Pledged assets		None	None

Changes in consolidated equity

Amounts in SEK million	Note	Share capital	Translation reserve	Retained earnings	Total equity
Opening balance as at 1 January 2011		175	-2	7,492	7,665
Comprehensive income during the year				391	391
Dividend ¹⁾				-5,400	-5,400
Closing balance as at 31 December 2011		175	-2	2,483	2,656
Opening balance as at 1 January 2012		175	-2	2,483	2,656
Comprehensive income during the year			-3	367	364
Dividend ¹⁾				-200	-200
Closing balance as at 31 December 2012		175	-5	2,650	2,820

¹⁾ Dividend 2012 consists of a cash dividend of SEK 200 million.

Shareholder's equity is, in its entirety, attributable to the Parent Company's shareholders.

Parent Company statement of earnings

Amounts in SEK million	Note	2012	2011
Net sales	5, 23	13,960	15,243
Other operating income		123	78
Total revenues		14,083	15,321
Goods for resale ¹⁾	16, 23	-10,502	-11,643
Other external costs	6, 7	-1,550	-1,665
Personnel costs	8, 22, 29	-1,957	-1,798
Depreciation and impairment	12, 13	-162	-106
Operating profit		-88	109
Share of earnings of Group companies	24	217	145
Other interest income and similar profit/loss items	21, 23	3	38
Interest costs and similar profit/loss items	21, 23	-26	-26
Earnings before appropriations and tax		106	266
Appropriations	25	17	-140
Pre-tax earnings		123	126
Income tax	9	-67	-63
Net earnings for the year		56	63

¹⁾ The term "Goods for resale" includes Apoteket's product costs for the sale of pharmaceuticals and other products.

Parent Company statement of comprehensive income

Amounts in SEK million	2012	2011
Net earnings for the year	56	63
Other comprehensive income		
Change in fair value reserve	-	-
Total comprehensive income during the year	56	63

Parent Company cash-flow statement

Amounts in SEK million	Note	2012	2011
Operating activities			
Earnings before appropriations and tax		106	266
<i>Adjustment for non-cash items</i>			
Depreciation and impairment		162	106
Share of earnings of Group companies		-217	-145
Other		-39	-26
Taxes paid		-17	-39
Cash flow from operating activities before changes in working capital		-5	162
<i>Cash flow from changes in working capital</i>			
Changes in inventories		-75	-278
Changes in receivables		398	-328
Changes in liabilities		43	-158
Cash flow from operating activities		361	-602
Investing activities			
Investments in intangible assets	12	-37	-18
Investments in property, plant and equipment	13	-87	-304
Investments in financial fixed assets		-23	-
Investment in short-term investments	21	-	5,923
Repayment of other financial fixed assets		-	78
Cash flow from investing activities		-147	5,679
Financing activities			
Change in current financial liabilities		-181	-19
Group contributions received/distributed		-	380
Dividends paid	27	-200	-5,400
Cash flow from financing activities		-381	-5,039
Cash flow for the year		-167	38
Cash and cash equivalents at the beginning of the year		218	180
Cash and cash equivalents at the end of the year		51	218

Cash flow from receipt of interest income amounted to SEK 3 (38) million.

Cash flow from receipt of interest income amounted to SEK 26 (25) million.

Parent Company balance sheet

Amounts in SEK million as at 31 December	Note	2012	2011
ASSETS			
Fixed assets			
<i>Intangible assets</i>	12	64	37
<i>Property, plant and equipment</i>	13		
Buildings, land and land improvements		–	–
Equipment		463	528
Total property, plant and equipment		463	528
<i>Financial fixed assets</i>			
Participations in Group companies	24	257	257
Receivables from Group companies		7	82
Holdings in associated companies	14	18	18
Deferred tax assets	10	35	19
Total financial fixed assets		317	376
Total fixed assets		844	941
Current assets			
Inventories	16	1,192	1,117
Accounts receivable		1,654	1,707
Receivables from Group companies		645	579
Current tax assets		46	173
Other receivables	17	191	340
Prepaid expenses and accrued income	18	164	119
Cash and cash equivalents		51	218
Total current assets		3,943	4,253
TOTAL ASSETS		4,787	5,194

Parent Company balance sheet

Amounts in SEK million as at 31 December	Note	2012	2011
EQUITY			
Restricted equity			
Share capital (175,000 shares with quota value SEK 1,000)		175	175
Statutory reserves		35	35
Total restricted equity		210	210
Non-restricted equity			
Retained earnings		110	247
Net earnings for the year		56	63
Total non-restricted equity		166	310
Total equity		376	520
Untaxed reserves	28	580	597
Provisions			
Other provisions	20	49	96
Total provisions		49	96
LIABILITIES			
Long-term liabilities			
Liabilities to Group companies		7	7
Other long-term liabilities		23	43
Total long-term liabilities		30	50
Current liabilities			
Liabilities to credit institutions, interest-bearing	21	1,838	1,999
Accounts payable		1,513	1,429
Liabilities to Group companies		69	40
Other liabilities		114	229
Accrued expenses and prepaid income	19	218	234
Total current liabilities		3,752	3,931
Total liabilities		3,782	4,674
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		4,787	5,194
Contingent liabilities			
Sureties, PRI Pension Guarantee	20	33	31
Guarantee commitments, others		56	66
Pledged assets		None	None

Changes in Parent Company's equity

Amounts in SEK million	Note	Share capital	Statutory reserves	Retained earnings	Net earnings for the year	Total equity
Opening balance as at 1 January 2011		175	35	895	4,752	5,857
Dividend paid	27	–	–	-5,400	–	-5,400
Distribution of earnings		–	–	4,752	-4,752	–
Net earnings for the year		–	–	–	63	63
Other comprehensive income		–	–	–	–	–
Closing balance as at 31 December 2011		175	35	247	63	520
Opening balance as at 1 January 2012		175	35	247	63	520
Dividend paid		–	–	-200	–	-200
Distribution of earnings		–	–	63	-63	–
Net earnings for the year		–	–	–	56	56
Other comprehensive income		–	–	–	–	–
Closing balance as at 31 December 2012		175	35	110	56	376



Notes

Note 1 General information

Apoteket AB (publ.) (the Parent Company) and its subsidiaries (which jointly form the Group) distribute and sell pharmaceutical and health products, as well as services related to pharmaceuticals and healthcare, mainly through a network of pharmacies. The Parent Company is a registered limited liability company, and its registered office is in Stockholm. The street address of corporate headquarters is Dalvägen 12, 169 03 Solna.

On 8 March 2013 the Board of Directors and the President approved the consolidated financial statements and the Annual Report for financial year 2012, which will be presented to the Annual General Meeting on 18 April 2013.

Note 2 Summary of important accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretative recommendations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission. Recommendation RFR 1 "Supplementary accounting rules for groups" of the Swedish Financial Reporting Board has also been adopted. The preparation of financial statements in conformity with the IFRS standards requires the use of a number of significant assumptions and accounting estimates. The management is also required to make certain assessments when applying the company's accounting policies. Areas involving significant assessments that are complex, or areas where assumptions and estimates are of material importance to the consolidated financial statements, are presented in Note 3.

Basis of preparation of the consolidated financial statements

The working currency of the Parent Company is the Swedish krona (SEK), which is also the reporting currency for both the Parent Company and the Group. Unless otherwise stated, all recognised amounts have been rounded to the nearest million Swedish kronor. The financial statements are based on historical acquisition value (cost).

The principal accounting policies adopted when these consolidated financial statements were prepared are formulated below. Unless otherwise stated, these policies have been applied consistently for all of the years presented. The Parent Company's accounting policies are presented in Note 4.

Changed accounting policies

The Group applies the same accounting policies as those applied in the 2011 Annual Report, with the following exceptions due to new or revised standards, interpretations and improvements as adopted by the EU and applied as of 1 January 2012.

Information concerning forthcoming standards, amendments and interpretations

IFRS 9 Financial Instruments Recognition and Measurement
This standard is a part of a comprehensive revision of the current standard IAS 39. The standard entails a reduction in the number measurement categories for financial assets and that the main categories for recognition are at cost or fair value via the balance

sheet. IFRS 9 must be applied for financial years beginning on or after 1 January 2015.

Apoteket has not evaluated the effects of the new standard.

IFRS 10 Consolidated Financial Statements and amendment IAS 27 separate financial statements

The standard must be applied for financial years beginning on or after 01 January 2013. IFRS 10 supersedes the section in IAS 27 dealing with the preparation of consolidated financial statements. The rules concerning the preparation of consolidated financial statements remain unchanged. Instead, the amendment concerns how a company is to go about deciding whether it has a controlling interest and thus whether a company is to be consolidated.

IAS 1 Presentation of financial statements

IAS 1, Presentation of Financial Statements - changes to the presentation of other comprehensive income. This standard is to be applied to annual reporting periods beginning on or after 1 July 2012. The revision involves changes to the grouping of transactions reported under other comprehensive income. Items that are recognised in profit and loss are to be recognised separately from those items that are not recognised in profit and loss. The proposal does not change the actual content of other comprehensive income, only the way it is presented.

IAS 19 Employee benefits

Significant changes primarily relating to accounting for defined benefit pension plans that will take effect 1 January 2013, which include elimination of the option of allocating actuarial gains and losses to periods as part of the 'corridor' approach; instead, these must be recognised immediately in other comprehensive income. Those items attributable to the earning of defined benefit pensions, gains and losses arising on settlement of a pension liability and net financing relating to the defined benefit plan are all recognised in the income statement. As at 31 December 2012 actuarial profits, including the special employer's contribution for Apoteket, were SEK 282 million, which would have increased equity by SEK 220, taking deferred tax into account.

Consolidated financial statements

Subsidiaries are all companies in which the Group is entitled to formulate financial and operational strategies in a manner that normally accompanies a shareholding exceeding half of the voting rights. They are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which this influence ceases. The consolidated financial statements have been prepared according to the purchase method, whereby the shareholder's equity of the subsidiaries at the time of acquisition, determined as the difference between the fair values of their assets and liabilities, is eliminated in full. Accordingly, consolidated equity contains only that portion arising after the acquisition. Intragroup transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated.

Translation of foreign subsidiaries

Assets and liabilities in foreign subsidiaries are translated at the exchange rate prevailing on the balance-sheet date and profit or loss is translated at the average exchange rate during the financial

year. The translation difference resulting from this, and from the net investment being translated at an exchange rate at the end of the financial year that differs from that at the beginning of the financial year, is recognised via other comprehensive income in shareholders' equity as a translation reserve. On the divestment of a foreign operation, the accumulated translation differences are recognised in profit or loss together with the gain or loss resulting from the divestment.

Accounting for associated companies

Associated companies are all companies in which the Group has a significant, but not a controlling, influence, which generally applies to shareholdings comprising between 20 and 50 percent of the votes. Holdings in associated companies are recognised according to the equity method and are initially measured at cost.

The Group's share of earnings in associated companies, after their acquisition, is recognised in profit or loss. Accumulated changes after the acquisition are stated as a change in the carrying amount of the holding. When the Group's share of the losses of an associated company amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group does not recognise further losses unless it has taken on commitments or made payments on behalf of the associated company. There are no unrealised gains and losses on transactions between the Group and its associated companies.

Reporting by segments

An operating segment is defined as a "component of a business entity". Characteristics of a segment include the following:

- it engages in business operations from which it can accrue revenues and incur costs (including revenues and costs involving transactions with other parts of the same company),
- its operating profit/loss is examined regularly by the chief executive officer as a basis for decisions concerning the allocation of resources to segments and evaluation of their results,
- separate financial information about the segment is available.

Apoteket is run as one operating segment with revenues from two markets, the consumer market and the healthcare market.

Translation of receivables and liabilities in a foreign currency

Foreign currency transactions are translated to the working currency at the rate of exchange applying on the date of the transaction. Currency gains and losses arising from the payment of such transactions, and from the translation of assets and liabilities in foreign currencies at the year-end exchange rate, are recognised in profit or loss, with the exception of exchange-rate differences pertaining to loans that are to be considered as net investment in a foreign operation. Such exchange-rate differences are recognised in other comprehensive income in shareholders' equity as a translation reserve.

Intangible assets

Capitalised development expenses

Development expenses are capitalised insofar as they are judged to generate future economic benefits. The recognised amount includes direct expenditure for acquired services and materials, as well as indirect expenses that can be attributed to the asset in a reasonable and consistent manner. Other development costs are expensed in profit or loss as they arise.

In the balance sheet, recognised capitalised development

expenses are entered at cost less accumulated amortisation and impairment. The principal criteria for capitalisation are that future earnings and cash flow can be demonstrated to derive from the end product resulting from the development work and that the technical and financial capabilities for completing the development work existed when the work started. Software licences have a limited useful life and are recognised at cost less accumulated amortisation.

Costs that are closely associated with software production include personnel costs for programme development and a reasonable portion of assignable indirect costs.

Other intangible assets

Other intangible assets mainly comprise expenditure for the acquisition of tenancy rights as well as fixtures and fittings in premises that are classified as intangible assets.

Additional expenditure

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only if the expenditure increases the future economic benefits of the specific asset to which the expenditure pertains. All other expenditure is expensed when it arises.

Depreciation principles

Amortisation using the straight line method is recognised in profit or loss over the estimated useful life of the assets. Licences and capitalised development costs recognised as assets are amortised over the useful life, which is estimated as five years. The amortisation period for other intangible assets corresponds to the contractual period.

Property, plant and equipment

Owned assets

Buildings are recognised at their cost less subsequent straight-line depreciation. Land is recognised at cost. Other property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that can be directly attributed to the acquisition of the asset.

Additional expenditure

Additional expenditure is added to the carrying amount of the asset only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably determined. Continuous repair and maintenance are recognised as costs in profit or loss during the period in which they arise.

Depreciation principles

Land is not depreciated. Depreciation of other assets is allocated to their cost down to their estimated residual value. Straight-line depreciation is applied over the estimated useful life, as follows:

Buildings	20–40 years
Interior fittings in property belonging to third parties	7 years
Machinery	5–10 years
Fixtures	5 years
Vehicles	5 years
Equipment and installations	3–5 years

Impairment losses

Whenever there is an indication of a decrease in the value of a tangible or intangible asset, a recoverable amount is estimated for the asset. The recoverable amount is compared with the carrying amount. The amount by which the carrying amount of the asset exceeds its recoverable amount is then recognised as an impairment loss. The recoverable amount is the higher of the fair value of an asset less selling expenses and its value in use. In assessing the need for impairment losses, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

Leases

Leasing of fixed assets, whereby the Group essentially bears the financial risks and enjoys the benefits associated with ownership, is classified as financial leases. These are recognised at the start of the leasing period at the lower of the fair value of the leased item and the present value of the minimum leasing fees. Each lease payment comprises amortisation of the liability and financial expenses in order to achieve a fixed rate of interest for the recognised liability. Corresponding payment obligations, after a deduction for financial expenses, are included in other long-term liabilities and current liabilities. The interest portion of the financial expenses is recognised in profit or loss distributed over the leasing period, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised during each period. Fixed assets held under financial leases are depreciated over their useful life or the leasing period, whichever is the shorter. Apoteket has no leases classified as financial leases.

Charges for operating leasing are expensed using the straight line method over the leasing period. Apoteket's operating leasing charges relate mainly to the rental of premises for pharmacies.

Financial instruments

Financial instruments are any type of agreement that gives rise to a financial asset, financial liability or an equity instrument in another company. Financial instruments recognised in the balance sheet include, on the asset side, cash and cash equivalents, short-term investments, accounts receivable and loan receivables. Liabilities include accounts payable, issued instruments of debt and loan liabilities. Cash and cash equivalents comprise cash and bank deposits and short-term investments with a maturity of less than 90 days.

Recognition of financial assets and liabilities

Financial instruments are initially recognised at cost corresponding to the instrument's fair value plus transaction costs for all financial instruments apart from those pertaining to the financial assets category, which are recognised at fair value via profit or loss. The way they are subsequently recognised depends on how they have been classified.

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has performed and has a contractual obligation to pay, even if an invoice has not been received.

A financial asset is derecognised from the balance sheet when the contractual rights expire or the company's control over the asset ceases. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the

contractual obligation is fulfilled or is extinguished in another manner. The same applies to a part of a liability.

The fair value of unlisted financial assets is determined using established valuation techniques.

On every reporting occasion, the company assesses whether there are objective reasons to impair a financial asset.

Classification of financial instruments

Financial instruments are classified in categories. Classification depends on the reason for which the financial instruments were acquired. Management determines the classification of the instruments the first time they are recognised and reassesses this decision on every reporting occasion. The categories are as follows:

- 1) **Financial assets and financial liabilities measured at the fair value via profit or loss** This category comprises two subgroups:
 - a) Financial assets and liabilities held for sale.
 - b) Financial assets and liabilities that, from the very beginning, were designated as belonging to this category. Apoteket has no financial instruments in this category.
- 2) **Loan receivables and accounts receivable** These assets are subject to fixed payment periods or payment periods with the potential to be fixed. Apoteket's cash and cash equivalents, short-term investments, accounts receivable and loan receivables belong to this category.
- 3) **Investments intended to be held to maturity** This category comprises financial assets subject to fixed payment periods or payment periods with the potential to be fixed that Apoteket intends, and has the ability, to retain until maturity.
- 4) **Financial assets held for resale** This category comprises financial assets that cannot be classified in any other category, such as shares and participating rights in either listed or unlisted companies.
- 5) **Financial liabilities measured at accrued cost** This category comprises financial liabilities that are not held for sale. Apoteket's accounts payable and liabilities to credit institutions belong to this category.

Recognition of financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash assets, bank deposits and other short-term investments with a maturity of less than three months from the date of acquisition.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets with fixed payment periods or payment periods with the potential to be fixed and that are not listed on an active market. A characteristic feature of such assets is that they arise when the Group provides cash, goods or services directly to a customer without the intention to trade in the receivable that arises. They are included in current assets, with the exception of items with a due date later than 12 months after the reporting period, which are classified as fixed assets.

Accounts receivable are initially recognised at fair value and thereafter at their accrued cost less any reserve for a decrease in

value. Such a reserve is created when objective evidence exists that the Group will not be able to receive all the amounts that have fallen due according to the original terms of the receivables. For private customers, the size of the reserve is calculated from a rating template, subject to a rising percentage linked to an increased number of past due days after the date of payment. For contract customers, the size of the reserve is calculated as 30 percent of receivables older than 90 days, plus all cases submitted for debt collection. The amount reserved is recognised in profit or loss.

Financial liabilities

Financial liabilities are initially recognised at the amount received less transaction costs. After the date of acquisition, the liabilities are measured at accrued cost in accordance with the effective interest rate method.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted acquisition cost (WAC)

Revenue recognition

Income comprises the fair value of sold goods and services, excluding value added tax (VAT) and discounts and after the elimination of intra-group sales.

Sales of goods are recognised as income when a Group company sells a product to a customer. Retail sales are usually paid in cash or with a credit card. The gross sales amount, excluding VAT and including any credit card charges to be paid for the transaction, is recognised as income.

Services performed on current account are recognised as revenue at the rate at which the work is performed. For services performed at a fixed price, revenues are recognised insofar as they correspond to the assignment fees that have arisen and that are to be compensated for by the client.

Accrued revenue is recognised as an amount corresponding to the minimum costs incurred during the assignment. The total revenue that can be recognised is limited by the contractual amount. This may result in the recognised revenue exceeding/being less than the amount invoiced. Where applicable, revenues are adjusted when the assignment has been completed.

Notification charges, reminders and statutory charges attributable to Apoteket's part-payment system are recognised as income after they have been paid. The same principle applies to recovered bad debts attributable to the part-payment system.

Franchises affect the Group's recognised revenue in part through the sale of products to franchise pharmacies, which is recognised on delivery of goods, and in part the service charge from franchise pharmacies, which is largely recognised monthly.

Current tax

Recognised current tax comprises tax that is payable or receivable for the current year and adjustments to the current tax for previous years. The valuation of all tax liabilities/receivables takes place at nominal amounts and according to the tax rules and tax rates that have been adopted or that have been announced and will, in all likelihood, be enacted.

In the case of items recognised in profit or loss, tax effects associated with these items are also recognised there.

Deferred tax

Deferred tax is recognised in its entirety according to the balance sheet method on all temporary differences that arise between the fiscal and carrying amounts of assets and liabilities and on unutilised loss carry-forwards and their carrying amounts in the consolidated financial statements.

However, if the deferred tax arises from a transaction that comprises the first report made of an asset or liability that is not a company acquisition and that, at the time of the transaction, influences recognised or taxable earnings, it is not recognised. Deferred tax is calculated by applying tax rates and tax laws that have been adopted or announced as per the balance sheet day and that are expected to apply when the deferred tax claim in question is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised insofar as it is likely that future fiscal surpluses will be available against which the temporary differences can be utilised. Deferred tax assets can be offset against deferred tax liabilities when there is a legal right to offset such amounts and when the deferred tax applies to the same tax authority.

Deferred tax is calculated on temporary differences that arise in participations in subsidiaries and associated companies, except where the time of reversal of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be reversed within the foreseeable future.

Cash flows

The statements of cash flows are recognised according to the indirect method. The recognised cash flow comprises only transactions involving receipts and disbursements.

Employee benefits, pensions

The companies in the Group have different pension plans which are financed via the Pension Foundation and through payments to an insurance company or an insurance association. The Group has both defined-contribution and defined-benefit pension plans.

A defined-benefit plan is one that specifies the amount of pension benefit to be received by the employee on retirement - normally based on one or more factors, such as age, length of service and pensionable salary.

In a defined-contribution plan, the company pays fixed contributions to a separate legal entity. It has no legal or informal obligation to pay additional contributions if the legal entity does not have assets sufficient to pay all of the benefits to the employees, which are linked to the employee's length of service during the current or previous periods.

The liability or receivable recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation on the balance sheet day less the fair value of the plan assets, with adjustments for non-recognised actuarial gains/losses for service in prior periods. The defined-benefit pension obligation is calculated, annually, by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is established by discounting estimated future cash flows based on the discount rate for Swedish mortgage-backed bonds, which are issued in the same currency and with terms that are comparable with current pension liabilities. Previously, the corresponding discount interest rate was based on long-term Swedish treasury bonds.

For actuarial gains and losses, the so-called corridor rule is applied. The corridor rule entails that actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions exceeding 10 percent of the value of the plan assets or 10 percent of the defined-benefit obligation, whichever is greater, are expensed or recognised as income over the estimated average remaining period of service of the employees. Otherwise, actuarial gains and losses are not recognised.

In the case of those pension payments recognised as defined-contribution plans, the Group pays contributions to an insurance company or insurance association. Once these contributions have been paid, the Group has no further payment obligations. The contributions are recognised as personnel costs when they become due for payment. With regard to defined-benefit pensions insured with Alecta, Apoteket has not had access to information enabling it to recognise them as defined-benefit plans. Accordingly, the supplementary pension for salaried employees (the ITP plan) is insured with Alecta and is recognised as a defined-contribution plan, which is however financially secured in the Pension Foundation and with credit insurance from PRI. In the event of notice being served, benefits are payable when an employee is made redundant before the date of the normal pension or when an employee accepts voluntary retirement from employment in exchange for such benefits. The Group recognises severance payments when it is demonstrably obliged either to give notice to an employee according to a detailed formal plan for which no possibility of cancellation exists or to provide benefits when giving notice as a result of an offer made to encourage voluntary retirement from employment.

The interest components of the pension commitment and plan assets, respectively, have been reclassified and recognised in net financial items. Vesting is recognised in operating earnings.

Provisions

Provisions are recognised when the Group has an existing or informal commitment resulting from previous events; it is more likely than not that an outflow of resources to regulate the commitment will be required and the amount has been estimated reliably.

Contingent liabilities and contingent assets

Contingent liabilities are recognised when there is a possible commitment originating from occurred events whose existence will be confirmed by one or more uncertain future events. Contingent liabilities could also comprise existing events that are not recognised as a liability or provision because it is not probable that an outflow of resources will be required or when it is not possible to calculate the amount with sufficient accuracy. When they arise, contingent liabilities are recognised at their discounted value.

Note 3 Significant estimates and assessments for accounting purposes

Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances. The Group makes estimates and assumptions about the future.

The estimates for accounting purposes that result from these

will, by definition, seldom correspond with the actual outcome. A re-examination of actuarial assumptions for pension calculations, according to IAS 19, is performed annually. For further information about pension calculations according to IAS 19, see Note 15, Pension assets in the Group.

Note 4 Parent Company accounting policies

The Parent Company complies with the Group accounting policies, apart from the exceptions and supplements stipulated by the Swedish Financial Reporting Council in Recommendation RFR 2 Reporting for legal entities.

Subsidiaries and associated companies

Participations in subsidiaries and associated companies are reported to the Parent Company according to the acquisition value (cost) method.

Leased assets

In the Parent Company, all leases are recognised in accordance with the rules for operational leases.

Property, plant and equipment

Property, plant and equipment in the Parent Company are recognised at cost less accumulated depreciation and any impairment, just as for the Group, but including any write-ups.

Pensions

In the Parent Company, the grounds for calculating defined-benefit plans differ from those stated in IAS 19. The principal differences compared with the rules of IAS 19 are the way in which the discount rate is determined, the fact that the calculation of the defined-benefit obligation is based on the current salary level without assuming future salary increases, and the recognition of all actuarial gains and losses in profit or loss as they arise.

The calculation of debt pertains to the obligation associated with Apoteket's pension plan and is measured in accordance with the provisions of the Act on the Safeguarding of Pension Obligations, 1967:531, and the Swedish Financial Supervisory Authority's FFFS 2007:24 provision.

Group contributions

The Parent Company's recognition of Group contributions received is equivalent to the dividend recognised. This means that Group contributions received and the relating current tax effect are recognised in profit or loss. Group contributions are handled according to rule RFR2.

Note 5 Breakdown of income

Net sales include income from:

	Group		Parent Company	
	2012	2011	2012	2011
Sales of goods	20,365	22,314	13,302	15,004
Sales of services	947	560	579	129
Invoiced costs	42	46	19	37
Notification charges, statutory charges	37	39	37	39
Rental income	1	1	23	34
Other income	0	0	0	0
Total	21,392	22,960	13,960	15,243

Other operating income includes income from:

	Group		Parent Company	
	2012	2011	2012	2011
Franchise fee	106	64	106	64
Recovered bad debts	0	4	0	4
Gains, sales of equipment	11	11	2	9
Other income	15	2	15	1
Total	132	81	123	78

Note 6 Operational leasing fees

Future minimum leasing fees relating to operational leases that cannot be terminated were distributed as follows:

	Group		Parent Company	
	2012	2011	2012	2011
Within 1 year	249	271	248	258
Between 1 and 5 years	537	716	537	697
After more than 5 years	148	190	148	190

Leasing costs relating to operational leases during the year amounted to SEK 289 (274) million in the Group and to SEK 276 (255) million in the Parent Company.

Apoteket's leasing charges relate mainly to the rental of premises for pharmacies and headquarters. Most of the rental agreements expire within five years, although there is nothing to indicate that they will not be renegotiated.

Note 7 Fees for auditors and audit companies

	Group		Parent Company	
	2012	2011	2012	2011
<i>Audit</i>				
Lay auditor ¹⁾	0.0	0.0	0.0	0.0
Ernst & Young AB ²⁾	2.2	2.3	1.8	1.8
<i>Other assignments</i>				
Ernst & Young AB, tax consultancy services	0.3	0.1	0.3	0.1
Ernst & Young AB, other services	1.1	0.1	1.1	0.1
Total	3.6	2.5	3.2	2.0

¹⁾ The lay auditor receives a fee of SEK 5,000 (20,000). The lay auditor stepped down in connection with the AGM in April.

²⁾ The charge for audit activities besides audit engagements, relating to verification of the Sustainability Report, was SEK 0.2 million in 2012 and is included in the amount.

The audit pertains to the examination of Apoteket's Annual Report, consolidated financial statements and accounting records, the administration of the company by the Board of Directors and the President, and other assignments that the auditors are obligated to conduct.

Note 8 Salaries, other remuneration and social costs

	Group		Parent Company	
	2012	2011	2012	2011
Salaries and remuneration	1,643	1,637	1,362	1,308
Social security fees	677	510	564	406
(of which pension costs) ^{1) 2) 3)}	(152)	(82)	(122)	(59)
Total	2,320	2,147	1,926	1,714

¹⁾ Of the Group's pension costs, calculated according to IAS 19, SEK 8.5 (6.7) million pertained to the Board of Directors, President, former presidents and other senior executives. The Group's outstanding pension obligations to these persons amount to SEK 66.0 (65.5) million. The defined-benefit pension obligations for this category are secured through Apoteket AB's Pension Foundation.

²⁾ The Parent Company's outstanding pension obligations for the category comprising the President, former presidents and other senior executives, calculated according to the Act on the Safeguarding of Pension Obligations, increased to SEK 55.7 (51.4) million. The bonus target is designed as a financial category concerned amounting

to SEK 7.3 (7.1) million. Pension costs are defined as pension premiums paid, change in pension reserve and pensions paid. Apoteket's pension agreement is valid from 2008. Under the agreement, 1) all employees are connected to ITP, excluding certain transitional categories and management personnel, and 2) Apoteket takes annual decisions on the indexing of matured pensions and vested pension rights, as opposed to before when the value was guaranteed.

³⁾ Pension costs in the Group do not include interest expense, income or a portion of the special employer's contribution.

Incentive programme

A results-based programme for employees and first-line managers with direct or indirect contact with customers can give SEK 5,000. The bonus target is designed as a financial improvement target.

Personnel employed by the central units are not covered by the programme.

cont'd note 8

Salaries and other remuneration distributed among senior executives and other employees

	Group		Parent Company	
	2012	2011	2012	2011
Members of the Board and President and other senior executives ¹⁾	30	25	21	20
(of which are bonuses, etc.)	(-)	(-)	(-)	(-)
Other employees	1,613	1,612	1,341	1,288
Total	1,643	1,637	1,362	1,308

¹⁾ In the Group, the group consisting of the Board of Directors, president and other senior executives includes 22 (22) people. In the Parent Company, the equivalent group includes 20 (19) people. Apoteket defines "other senior executives" as members of executive management and the presidents of the subsidiaries.

Board of Directors' composition, number of meetings attended and fees

Fees to the Chairman and Members of the Board are payable in accordance with resolutions from the Annual General Meeting.

Amount in thousand SEK	Elected	Meetings Board	Meetings Audit Committee	Meetings Remuneration Committee	Regular fee	Fee committee work
Christian W Jansson ¹⁾	2009	12/12			300	
Gert Karnberger ²⁾	2009	12/12	6/6		150	25
Kristina Schauman ³⁾	2009	12/12	6/6		150	50
Lars-Johan Jarnheimer ⁴⁾	2009	3/3		2/2	50	
Elisabet Wenzlaff ⁵⁾	2009	12/12		4/4	150	
Maria Curman ⁶⁾	2012	7/9		2/2	100	
Leif Ljungqvist ⁷⁾	2012	9/9	2/3			
Carina Jansson ⁸⁾	2002	11/12			24	
Carin Sällström-Nilsson ⁹⁾	2009	12/12			24	
Marie Redeborn ¹⁰⁾	2012	12/12			24	
Gunilla Larsson ¹¹⁾	2009	12/12			24	

¹⁾ Chairman of the Board.

²⁾ Member of the audit committee.

³⁾ Chairman of the audit committee.

⁴⁾ Member of the Remuneration Committee through April 2012.

⁵⁾ Member of the Remuneration Committee through April 2012, then chairman.

⁶⁾ Member of the Remuneration Committee beginning in May 2012.

⁷⁾ Member of the Audit Committee beginning in May 2012 (expanded Audit Committee to three members).

⁸⁾ Employee representative, appointed by the Swedish Pharmaceutical Association.

⁹⁾ Employee representative, appointed by the

Swedish Pharmacists Association.

¹⁰⁾ Employee representative (deputy), appointed by the Swedish Pharmacists Association.

¹¹⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees.

Board composition

The Board consists of no fewer than five and no more than nine members without deputies appointed by the AGM, as well as two members and two deputies appointed by the trade unions.

At Apoteket's AGM on 26 April 2012, Christian W Jansson (chairman), Gert Karnberger, Kristina Schauman and Elisabet Wenzlaff were re-elected. Maria Curman and Leif Ljungqvist were elected to the Board of Directors on the same occasion. Lars-Johan Jarnheimer left his directorship for Apoteket at the AGM.

The owners' motivation for re-election of the Board indicates that the profiles deemed of vital importance include expertise in retail sales, restructuring/change, financial and legal issues.

The proposed people possess solid expertise and experience from the particular areas. The composition of the Board creates favourable conditions for enabling the company to pursue operations in the re-regulated pharmacy market.

The Board of Directors is deemed to match the requirements that may be imposed on a company involved in such operations.

Employee representatives were appointed by the Swedish Pharmacists Association as follows: Carina Jansson as a Board member and Gunilla Larsson as deputy member; and by the Swedish Pharmacists Association as follows: Carin Sällström-Nilsson as Board member and Marie Redeborn as deputy member.

The Board established from among its members an Audit Committee, with three members, and a Remuneration Committee with two members. The President is not a member of the Board, but attends meetings.

The Board members are presented in greater detail on page 96.

Work of the Board of Directors

On the basis of the business agreement, the Board of Directors has assigned priority to a healthy economy, good availability, safe drug utilisation and a health perspective. In its rules of procedure, the Board has also established an annual cycle regarding issues to be discussed over the year.

cont'd note 8

Remuneration and benefits paid to senior executives in 2012

Amount in thousand SEK	Member of executive management since	Salary	Other benefits ¹⁾	Total	Pension age	Pension cost ²⁾	Period of notice (employee/company)	Severance pay	
	Ann Carlsson, President ³⁾	2010	3,633	91	3,724	65	1,080	6 months/6 months	18 months
	Ulrika Eriksson, Vice President and director of the Consumer business area	2009	2,129	71	2,200	65	676	6 months/6 months	18 months
	Eva Fernvall, director of Corporate Communications	2005	1,587	74	1,661	65	583	6 months/6 months	18 months
	Monica Höglind, director of Human Resources	2007	1,915	117	2,032	62	574	6 months/6 months	18 months
	Anna Rogmark, Chief Legal Officer	2010	1,591	154	1,745	65	481	6 months/6 months	18 months
	Carina Fält, director of Business Development	16/04/2012	954	0	954	65	240	6 months/6 months	12 months
	Pontus Rosén, director of Product Line & Market	01/10/2012	1,138	61	1,199	65	254	6 months/6 months	6 months
	Jan Johansson, CFO	2011	2,314	51	2,365	65	735	6 months/6 months	18 months
	Lars Skutholm, Director Health Care & Enterprises	2011	1,608	78	1,686	65	422	6 months/6 months	12 months
	Olle Carls, director of Logistics	01/04/2012	1,369	40	1,172	65	378	6 months/6 months	12 months
	Jonas Friberg, acting director of Supply Chain through 29 Feb. 2012	2011	1,099	73	1,409	65	49	according to collective agreement	
	Annema Paus, director of Health Care & Enterprises and president of Apoteket Farmaci AB through 30 Sept. 2012 ⁴⁾	2001	5,362	101	5,463	65	634	6 months/6 months	18 months
Total			24,699	911	25,610		6,106		

¹⁾ Other benefits mainly comprise the tax assessment value of a company car and fuel.

²⁾ The pension cost pertaining to defined benefit pensions is calculated according to the Act on Safeguarding of Pension Obligations Pension costs comprise accrued pension during the year, interest on earlier provisions and pension premiums.

³⁾ President Ann Carlsson has a defined-benefit pension at a rate of 30 percent of her basic salary.

⁴⁾ Annema Paus, president of Apoteket Farmaci AB through 30 Sept. 2012, will receive dismissal pay and severance pay for 18 months. Payment of severance pay occurs in 2013 and 2014, though it will be offset by any future remuneration.

Remuneration and Benefits

Remuneration and benefits for the President and other senior executives consist of a salary, paid in cash, other benefits/other remuneration and pension commitments. All amounts are stated excluding social security contributions and special employer's contributions. The President and other senior executives have a six-month mutual period of notice. In the event of termination of employment by the employer, severance pay will also be paid. The president receives severance pay of 18 months' salary, while other senior executives receive severance pay corresponding with between 6 and 18 months' salary.

Pension terms

President and CEO Ann Carlsson has a defined-benefit pension at a rate of 30 percent of her basic salary, with retirement age at 65. Four senior executives have defined-benefit pensions in accordance with ITP2 with retirement age at 65. Other senior executives have defined-contribution terms and conditions for pensions.

Basis for decisions

Remuneration and benefits payable to the President have been decided by the Board of Directors. Remuneration and benefits payable to other senior executives have been decided by the President in consultation with the Remuneration Committee.

Remuneration of senior executives who are not members of group executive board

Pia Källqvist, previously CEO of the subsidiary Apoteksakademien AB, received a total of SEK 606,000 in termination pay through 30 June 2012. David Kruse, former CEO of subsidiary Apoteket International AB, has received dismissal pay as well as severance pay for 18 months, for a total of SEK 2,818,000. Severance pay will be paid in 2012 and 2013. Thony Björk is President of Apoteket's subsidiary in Germany and chairman of the Board of the subsidiary in Norway. Salaries and other benefits for the President amounted to 1,362,000 and pension costs were SEK 1,197,000. Thony Björk is associated with the ITP2 pension plan.

cont'd note 8

Remuneration and benefits paid to senior executives in 2011

Amount in thousand SEK	Member of executive management since	Salary ¹	Other benefits ¹⁾	Total	Pension age	Pension costs ²⁾	Period of notice (employee/company)	Severance pay
Ann Carlsson, President ³⁾	2010	3,636	85	3,721	65	1,259	6 months/6 months	18 months
Eva Fernvall, director of Branding	2005	1,559	67	1,626	65	574	6 months/6 months	18 months
Monica Höglind, director of Human Resources	2007	1,888	121	2,009	62	548	6 months/6 months	18 months
Anna Rogmark, Chief Legal Officer	2010	1,549	157	1,706	65	439	6 months/6 months	18 months
Ulrika Eriksson, director of Apoteket Consumer	2009	2,041	71	2,112	65	530	6 months/6 months	18 months
David Kruse, President Apoteket International AB	2009	1,152	156	1,308	65	220	6 months/6 months	18 months
Jan Johansson, CFO	28/03/2011	1,574	36	1,610	65	415	6 months/6 months	18 months
Lars Skutholm, director of Purchasing & Product Line	01/06/2011	1,388	65	1,453	65	220	6 months/6 months	12 months
Annema Paus, director of the Pharmacy business area and President of Apoteket Farmaci AB	2001	2,119	102	2,221	65	861	6 months/6 months	18 months
Jonas Friberg, acting director of Supply Chain	01/06/2011	1,030	69	1,099	65	89	according to collective agreement	
Marianne Dicander, director through 31 March 2011	2007	852	36	888	62	136	6 months/6 months	18 months
Tore Löwstedt, director through 30 May 2011 ⁶⁾	2007	5,815	74	5,889	65	520	6 months/6 months	18 months
Stefan Carlsson, President through 15 August 2010 ⁴⁾	1999	441		441	62	583		
Total		25,044	1,039	26,083		6,394		

Kristina Schauman, acting CFO through 28 March 2011⁵⁾

¹⁾ Other benefits mainly comprise the tax assessment value of a company car and fuel.

²⁾ The pension cost pertaining to defined benefit pensions is calculated according to the Act on Safeguarding of Pension Obligations. Pension costs comprise accrued pension during the year, interest on earlier provisions and pension premiums.

³⁾ President Ann Carlsson has a defined-benefit pension at a rate of 30 percent of her basic salary.

⁴⁾ Former President Stefan Carlsson received dismissal pay until 15

February 2011. He received SEK 441,000 in dismissal pay for 2011 after which he received severance pay which was expensed in 2010. Dismissal pay and severance pay are exempt from deduction. Stefan Carlsson has reached the retirement age of 62.

⁵⁾ Kristina Schauman has been interim CFO through 28 March 2011. Remuneration paid of SEK 990,000 comprises fees invoiced by consultancy companies. Invoiced fees include compensation for social security fees.

⁶⁾ Tore Löwstedt received dismissal pay for 6 months and severance pay for 18 months.

Note 9 Income tax

	Group		Parent Company	
	2012	2011	2012	2011
Current tax for the year	-58	-57	-57	-54
Current tax for earlier years	-26	-15	-26	-14
Deferred tax	97	-123	16	5
Total	13	-195	-67	-63

The tax on the pre-tax earnings of the Group and the Parent Company differs in the following manner from the theoretical amount that would have resulted from applying a weighted average tax rate to the earnings of the Group and the Parent Company as shown in the following table.

cont'd note 9

	Group		Parent Company	
	2012	2011	2012	2011
Pre-tax earnings	354	586	123	126
Tax at the existing tax rate	-93	-154	-32	-33
Tax effect of changed corporate tax rate	132	-	-5	-
Adjustment of tax attributable to earlier period	-10	-15	-10	-13
Tax effect of other tax-exempt income	0	0	0	0
Tax effect of non-deductible costs	-3	-2	-18	-20
Tax effect of previously unrecognised loss carryforwards	-12	-24	-	-
Other tax effects	-1	0	-2	3
Tax expense/income	13	-195	-67	-63

The income tax rate for 2012 is 26.3 (26.3) percent. Deferred taxes have been taken into account at a rate of 22.0 (26.3) percent.

Note 10 Deferred tax

	Group		Parent Company	
	2012	2011	2012	2011
<i>Deferred tax pertaining to:</i>				
- fixed assets	16	5	16	4
- loss carryforwards	1	-14	-	-
- untaxed reserves	4	-19	-	-
- pension claims	-56	-95	-	-
- effect of changed tax rate	132	-	-	-
Deferred tax in profit and loss	97	-123	16	4
<i>Deferred tax assets pertaining to:</i>				
- loss carryforwards	-	-	-	-
- fixed assets	-	-	35	19
Total deferred tax assets	0	0	35	19
<i>Deferred tax liabilities pertain to:</i>				
- pension claims	-547	-599	-	-
- fixed assets	34	18	-	-
- untaxed reserves	-128	-157	-	-
Total deferred tax liabilities	-641	-738	-	-
Net liabilities/assets	-641	-738	-	19
At the start of the year	-738	-615	19	15
Recognised in profit and loss	97	-123	16	4
At year-end	-641	-738	35	19

Note 11 Earnings per share

	Group	
	2012	2011
Net earnings for the year, SEK million	367	391
Number of shares	175,000	175,000
Earnings per share, SEK	2,097	2,234

There is no dilution effect.

Note 12 Intangible assets

Intangible assets are categorised in three groups: development work, rental contracts and other intangible assets. Capitalised development expenditures are recognised in the development work category. As at 31 December 2012, the category includes capitalised expenditures for a platform for e-commerce operations, dispensing activities, a groupwide order system and programme licenses.

Investments in development work during the year amounted to SEK 36 m and mainly comprised the new groupwide order system.

In the rental contracts category, capitalised expenditure is recognised for the acquisition of rental contracts, and these relate

to premises located in strategic areas. The category of other intangible assets includes interior fittings in property belonging to third parties, which were reclassified from tangible assets in connection with the net-asset transfer to subsidiaries.

Determination of any impairment losses requirements for intangible assets was performed according to IAS 36, whereby the estimated recoverable value was compared with the carrying amount for each intangible asset. Regarding the valuation of intangible assets, Apoteket has assessed that an impairment charge of SEK 5 million is necessary (attributable to the operations in Norway and Germany).

Group	Development work		Rental contracts		Other intangible assets		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Accumulated cost at the beginning of the year	180	162	31	32	21	24	232	218
Investeringar	36	18	1	1	–	–	37	19
Disposals/Retirements	–	–	-1	-2	-2	-3	-3	-5
Accumulated cost at year-end	216	180	31	31	19	21	266	232
Accumulated depreciation at the beginning of the year	-48	-40	-21	-18	-20	-14	-89	-72
Depreciation for the year according to plan	-7	-8	-3	-4	-1	-8	-11	-21
Disposals/Retirements	–	–	1	2	2	2	3	4
Accumulated depreciation at the end of the year	-55	-48	-23	-20	-19	-20	-97	-89
Accumulated impairment losses at the beginning of the year	-99	-99	–	–	–	–	-99	-99
Impairment losses for the year	-5	–	–	–	–	–	-5	–
Accumulated impairment losses at the end of the year	-104	-99	–	–	–	–	-104	-99
Residual value at the end of year according to plan	57	33	8	11	0	1	65	45

Parent Company	Development work		Rental contracts		Total	
	2012	2011	2012	2011	2012	2011
Accumulated cost at the beginning of the year	170	153	31	32	201	185
Investments	36	17	1	1	37	18
Disposals/Retirements	–	–	-1	-2	-1	-2
Accumulated cost at year-end	206	170	31	31	237	201
Accumulated depreciation at the beginning of the year	-44	-40	-21	-18	-65	-58
Depreciation for the year according to plan	-7	-4	-3	-5	-10	-9
Disposals/Retirements	–	–	1	2	1	2
Accumulated depreciation at the end of the year	-51	-44	-23	-21	-74	-65
Accumulated impairment losses at the beginning of the year	-99	-99	–	–	-99	-99
Impairment losses for the year	–	–	–	–	–	–
Accumulated impairment losses at the end of the year	-99	-99	–	–	-99	-99
Residual value at the end of year according to plan	56	27	8	10	64	37

Note 13 Property, plant and equipment

Group	Buildings, land and land improvements		Equipment		Total	
	2012	2011	2012	2011	2012	2011
Accumulated cost at the beginning of the year	57	56	1,780	1,574	1,837	1,630
New acquisitions	0	3	97	321	97	324
Disposals/Retirements	-4	-2	-29	-115	-33	-117
Accumulated cost at year-end	53	57	1,848	1,780	1,901	1,837
Accumulated depreciation at the beginning of the year	-15	-13	-1,148	-1,157	-1,163	-1,170
Disposals/Retirements	-	0	28	100	28	100
Depreciation for the year according to plan	-1	-2	-144	-91	-145	-93
Accumulated depreciation at the end of the year	-16	-15	-1,264	-1,148	-1,280	-1,163
Accumulated impairment losses at the beginning of the year	-	-	-66	-48	-66	-48
Impairment losses for the year	-7	-	-30	-18	-37	-18
Accumulated impairment losses at the end of the year	-7	-	-96	-66	-103	-66
Residual value at the end of year according to plan	30	42	488	566	518	608
Carrying amount, buildings	27	39				
Carrying amount, land and land improvements	3	3				
Taxable value, buildings	11	11				
Taxable value, land	1	1				
Parent Company	2012	2011	2012	2011	2012	2011
Accumulated cost at the beginning of the year	-	2	1,650	1,443	1,650	1,445
New acquisitions	-	-	87	304	87	304
Disposals/Retirements	-	-2	-14	-97	-14	-99
Accumulated cost at year-end	-	0	1,723	1,650	1,723	1,650
Accumulated depreciation at the beginning of the year	-	-1	-1,056	-1,059	-1,056	-1,060
Disposals/Retirements	-	1	14	82	14	83
Depreciation for the year according to plan	-	-	-134	-79	-134	-79
Accumulated depreciation at the end of the year	-	0	-1,176	-1,056	-1,176	-1,056
Accumulated impairment losses at the beginning of the year	-	-	-66	-48	-66	-48
Impairment losses for the year	-	-	-18	-18	-18	-18
Accumulated impairment losses at the end of the year	-	-	-84	-66	-84	-66
Residual value at the end of year according to plan	-	0	463	528	463	528

Note 14 Holdings in associated companies

	Group		Parent Company	
	2012	2011	2012	2011
At the start of the year	24	27	18	18
New acquisitions during the year	-	-	-	-
Percentage of loss ¹⁾	-2	-3	-	-
At year-end	22	24	18	18

¹⁾ Percentage of loss stated after tax.

Group holdings in associated companies

2011	Assets	Liabilities	Income	Loss
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	0	0
Fastighets AB Högberga 556449-1677, Stockholm	21	6	13	-3
Total	28	8	13	-3
2012				
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	0	0
Fastighets AB Högberga 556449-1677, Stockholm	19	7	13	-2
Total	26	9	13	-2

Specification of Group holdings in associated companies

	Holdings	Proportion in percent	Carrying amount
Kårhuset Pharmen AB 556043-3277, Uppsala	27,000	45.0	8
Fastighets AB Högberga 556449-1677, Stockholm	18,750	37.5	14

Specification of parent company holdings in associated companies

	Holdings	Proportion in percent	Carrying amount
Kårhuset Pharmen AB 556043-3277, Uppsala	27,000	45.0	9
Fastighets AB Högberga 556449-1677, Stockholm	18,750	37.5	9

Note 15 Group pension assets

Most employees of Apoteket AB and subsidiaries are covered by the ITP plan, excluding certain transferred categories for which pensions continue to be vested according to Apoteket's pension plan. For employees born before 1979, pensions are vested in defined-benefit pension plans in accordance with ITP2 and employees born after 1979 are covered by ITP1 - the defined-contribution part of the ITP plan. The earnings from the defined-benefit retirement pension, for employees of the Apoteket Group, are secured through Apoteket AB and its Swedish subsidiaries' pen-

sion foundation. With regard to the insurance-secured ITP, Alecta has stated that it lacks sufficient information for defined-benefit accounting. For this reason, the ITP plan is being recognised as a defined-contribution plan. In 2008, Apoteket concluded a new pension agreement with the trade union associations, entailing, among other consequences, that the Apoteket Plan was to be replaced by ITP and that Apoteket would annually make decisions concerning the indexing of accrued pensions and pension payments for those not covered by ITP.

cont'd note 15

Pension benefits

The amounts recognised in the balance sheet have been calculated as follows:	2012	2011	2010
Present value of funded obligations	-8,027	-8,017	-7,445
Fair value of plan assets	10,257	9,376	10,343
Pension obligations minus plan assets	2,230	1,359	2,898
Unrecognised actuarial losses+/gains-	-227	474	-1,355
Recognised receivable excluding special employers' contribution	2,003	1,833	1,543
Special employer's contribution	486	445	374
Receivables recognised in the balance sheet	2,489	2,278	1,917

The amounts recognised in profit and loss have been calculated as follows:	2012	2011	2010
Costs relating to employment in the current year ¹⁾	-85	-88	-113
Cost of early retirement pensions ¹⁾	-2	-3	-21
Interest expense ²⁾	-281	-289	-281
Adjustment for unrecognised actuarial item regarding redemption of ITPK ¹⁾	-	10	-
Actuarial gain/loss during the year ²⁾	-	20	-
Expected return on plan assets	469	570	519
Total cost/income for defined-benefit plans	101	220	104
Cost of defined-contribution plans ¹⁾	-49	-60	-132
Special employer's contribution ³⁾	13	39	-7
Total pension cost/income	65	199	-35

¹⁾ Recognised in consolidated profit or loss as personnel costs

²⁾ Recognised in consolidated profit or loss as a financial item

³⁾ Distributed in consolidated profit or loss between personnel costs and financial items

The actual return on the plan assets amounted to SEK 1,148 (-619) million.

Actual return for 2012 is recognised excluding operating expense.

The principal actuarial assumptions used were as follows:	2012	2011	2010
Discount rate, %	3.50	3.50	3.95
Expected return on plan assets, %	5.00	5.00	5.60
Future salary increases, %	3.30	3.30	3.30
Increased basic amount, %	2.00	2.00	2.00
Staff turnover, %	5.00	5.00	3.50
Average remaining length of service, years:	15.8	15.8	15.6

- The present value of the defined-benefit obligation is established by discounting estimated future cash flows based on the discount rate for Swedish mortgage-backed bonds, which are issued in the same currency and with terms that are comparable with current pension liabilities.
- The increased basic amount is a measure of the inflation assumption. It reflects the trend in the consumer price index (CPI) and is used by Apoteket for indexation of the pension base.
- The expected salary increase reflects future expected percentage salary increases, taking into account expected future inflation (see the increased basic amount).

- Staff turnover is based on historical facts and on expected future staff turnover.

Accounting policy for actuarial gains and losses

Changes due to changed assumptions for calculating the present value of pension obligations for each specific financial year are recognised in the corridor for actuarial gains and losses, and thus do not impact profit or loss. The corridor is defined as 10 percent of the highest value of the pension obligation, or alternatively, of the plan assets. As at 31 December 2012, the actuarial gain was SEK 227 million excluding the special employer's contribution.

Specification of changes in defined-benefit pension plans and plan assets:

	2012	2011	2010
<i>Specification of changes in defined-benefit pension obligations</i>			
Present value of obligation at the beginning of the year	8,017	7,445	7,322
Cost of new vesting	85	88	113
Cost of early retirement pensions	2	3	21
Interest expense	281	289	281
Redeemed benefits	-	-58	-
Benefits paid out	-336	-348	-303
Actuarial loss on obligation	-22	598	11
Present value of obligation at the end of the year	8,027	8,017	7,445
<i>Specification of change in plan assets</i>			
Plan assets at the beginning of the year	9,376	10,343	9,268
Expected return on plan assets	469	570	519
Payment from Apoteket's Pension Foundations	-267	-336	-
Actuarial gains/losses on plan assets	679	-1,201	556
Plan assets at the end of the year	10,257	9,376	10,343

The plan assets consist mainly of shares and interest-bearing securities with the following market values on the balance-sheet date:

Type of asset	2012	2011	2010
Shares and similar financial instruments	2,854	3,945	5,781
Interest-bearing securities, etc	6,175	4,558	4,564
Other	1,228	874	-2
Total	10,257	9,376	10,343

Surplus and experience-based adjustments to asset/liability:	2012	2011	2010
Present value of defined-benefit obligations	-8,027	-8,017	-7,445
Plan assets	10,257	9,376	10,343
Surplus	2 230	1 359	2,898
Experience-based adjustments to the obligation	-22	187	11
Effects of changes in actuarial assumptions on obligation	-	-784	-
Experience-based adjustments to the plan assets	679	-1,201	556

In 2013, the Group anticipates a net cash flow relating to defined-benefit plans amounting to SEK 351 million. The expected return on plan assets is based on the existing composition of the investment portfolio.

The commitments for retirement and family pensions for salaried employees in Sweden are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Council, UFR 3, this is a defined-benefit plan that covers several employers. For financial years for which the company has not had access to information enabling this plan to be recognised as a defined-benefit plan, a pension plan according to ITP, which is secured through insurance with Alecta, is to be recognised as a defined-contribution plan. The year's contributions for pension insurance taken out with Alecta amounted to SEK 49 (60) million.

At year-end 2012, Alecta's surplus, in the form of the collective consolidation rate, was 129 (113) percent. The collective consolidation rate comprises the market value of Alecta's assets expressed as a percentage of the insurance commitments,

calculated according to Alecta's actuarial computation assumptions, which do not comply with IAS 19.

Pension foundation's management of assets

The size of Apoteket's pension liability varies based on factors such as interest rates, inflation and real wage developments in Sweden. Investments in Apoteket's pension fund will therefore be exposed to assets that reflect the characteristics of the pension liability.

In view of the above, the Pension Foundation's Board of Directors has adopted an investment orientation, whereby a portion of the capital is to be invested in interest-bearing assets issued by the Swedish state or other lenders with a high credit rating. In addition, investments are to be made in equities with a main focus on the Swedish market.

The overall objective is to diversify the managed capital in terms of both nominal and real assets and thus reduce the risk, while achieving a favourable long-term return.

Note 16 Inventories

	Group		Parent Company	
	2012	2011	2012	2011
Goods for resale at cost	1,357	1,358	1,192	1,117
Total	1,357	1,358	1,192	1,117

The expenditure for expensed inventories is included in goods for resale and amounted to SEK 17,175 (18,554) million in the Group and SEK 10,502 (11,643) million in the Parent Company.

Provision for obsolescence amounted to SEK 18 (14) million. The increase compared with 2011 is related to certain product lines at high risk of obsolescence.

Note 17 Other receivables

	Group		Parent Company	
	2012	2011	2012	2011
VAT receivables	282	387	187	235
Other receivables	7	109	4	103
Total	289	496	191	340

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2012	2011	2012	2011
Rents invoiced	73	80	71	71
Accrued income	52	0	52	0
Prepaid expenses	34	42	34	36
Accrued suppliers' bonus	7	8	7	6
Other items	6	15	0	6
Total	172	145	164	119

Note 19 Accrued expenses and prepaid income

	Group		Parent Company	
	2012	2011	2012	2011
Accrued holiday pay	147	162	147	132
Bonus to employees	9	20	9	17
Accrued salaries	40	20	11	20
Prepaid income	0	18	0	0
Accrued expenses	64	61	51	59
Other items	0	7	0	6
Total	260	288	218	234

Note 20 Other provisions

	Group		Parent Company	
	2012	2011	2012	2011
At the start of the year	101	236	96	213
<i>Expensed in profit or loss</i>				
Additional provisions	42	23	29	20
Reversed unutilised amounts	-5	-78	-5	-68
Utilised during the year	-76	-80	-72	-69
At year-end	62	101	49	96
Of which, long-term provision ¹⁾	10	14	10	13
Of which, current provision	52	87	39	83

¹⁾ Of the long-term provision, SEK 0 (0) million expires in the Group and in the Parent Company more than five years after the balance-sheet date.

Group	Rents	Severance pay	Onerous contracts	Total
At the start of the year	20	27	54	101
Additional provisions	1	34	7	42
Utilised during the year	-11	-24	-41	-76
Reversed unutilised amounts	0	0	-5	-5
At year-end	10	37	15	62

Additional provisions pertaining to rents comprise costs for the closure of dispensing operations in Norway.

Additional provisions for severance pay comprise personnel costs for the closure of dispensing operations, personnel costs related to tenders lost in a number of county councils and other adjustments to the Group's current scope of activities.

Additional provisions for onerous contracts relating to the liquidation of loss-making operations in Norway and discontinuation of the use of drug dispensers. Additional provisions for loss-making contracts comprise restructuring and reregulation costs in connection with Apoteket's transitional activities to other participants.

Contingent liabilities

Apoteket AB signed guarantee commitments in connection with the transfer of rental agreements to the cluster of companies that were sold during the first quarter of 2010. There are 22 remaining guarantee commitments for an amount of about SEK 56 (66) million. The maturities of these guarantee commitments vary. The purchasers of the subsidiaries undertake to relieve Apoteket AB of its guarantee commitments. If this does not occur during the contractual period, Apoteket AB will receive compensation for the issuance of guarantee commitments.

Apoteket has signed a guarantee agreement with PRI Pensiongaranti. The mutual responsibility is 2 percent of the pension liability. In 2012, this amounted to SEK 35 (32) million.

Note 21 Financial instruments and financial risk management

Apoteket's financial risk management is governed by the Group's finance policy, as adopted by Apoteket's Board of Directors. The finance policy encompasses guidelines for liquidity management, capital supply and other financial risks. The Group's overall risk management policy aims at minimising potential unfavourable effects on consolidated financial earnings and position. Financial management is centralised to a groupwide function within the Parent Company, whose task is to capitalise on coordination gains, reduce earnings and cash-flow fluctuations and ensure favourable risk management. The subsidiaries and the Parent Company's operational units are responsible for identifying, reporting and following up the financial risks that arise in the operations.

Policy and principles for financial risk management

Financial risk management objectives and principles
The objectives for financial risk management are to maintain

good access to funds and an efficient use of capital, while securing capital supply. The principles applied for financial risk control are that:

- Financial risks arising in the Group's operations are maintained within established parameters in terms of credit risk, market risk and refinancing risk. A rule for all risk management is that speculative trading is not permissible.
- All credit granting must be based on commercial considerations that take into account both financing costs and risk. Credit will not be granted until a credit assessment of the borrower has been conducted.
- The Group's financial management and credit granting must be characterised by such organisation, including internal controls and reporting, so that the administrative risks are minimised.

Liquidity risk

Caution, in terms of the management of liquidity risk, involves having sufficient cash and cash equivalents and available financing through sufficient committed lines of credit.

Interest rate risk

The Group's exposure to interest rate risk is essentially associated with its pension assets. The Pension Foundation strives for an investment of plan assets that offsets the risk associated with the value trend for the pension liability. Otherwise, short-term financial borrowing and investment is subject to limited exposure to interest rate risk.

Currency risk

Since purchasing and sales essentially occur in SEK, currency exposure is limited.

Credit risk

The Group has no significant concentration of credit risks. There is an established policy for credit risk management.

Sales in the consumer market are paid for in cash or via the most commonly used credit cards. A part-payment system for private customers has been in use since 1997 and was previously subject to major credit losses. Since 28 November 2005, Apoteket has introduced a system of credit assessment for all newly added customers who apply for credit. This credit assessment is based on whether the customer has a record of non-payment of debt or a debt balance with the Enforcement Service. Checks are made in cases where the person is under 18 years, has a guardian, lacks an address, resides abroad or has a protected identity. Customers who fail to pay their debts are blocked and denied continued credit after approximately two months from the date of payment default.

The County Councils account for a considerable share of Apoteket's outstanding accounts receivable. The risk has been assessed as very low. The receivables are normally paid within the specified credit period.

Due dates for receivables

Group	2012	2011
Overdue, but not impaired		
< 30 days	264	96
30–90 days	42	6
Overdue and impaired		
91–180 days	19	1
> 180 days	0	0
Total	325	103

Provision for doubtful receivables

Provision for doubtful receivables amounted to 5 (3) SEK million and has changed as follows:

Group	2012	2011	2010	2009
At the start of the year	3	3	3	3
Provision for anticipated losses	2	0	0	0
At year-end	5	3	3	3
Confirmed losses	4	4	6	7
Recovered bad debts	0	4	4	5

The year's cost for doubtful receivables amounted to SEK 4 (4) million. The percentage of doubtful receivables is calculated on the basis of an established model that has been tried and tested by Apoteket. Accordingly, the carrying amount provides a fair approximation of the fair value.

Fair value of plan assets

The nominal amount less any assessed credit entries for accounts receivable and accounts payable is assumed to match the fair value. For the disclosures provided in the notes, the fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market interest rate that is available to the Group for similar financial instruments.

cont'd note 21

The table below shows the recognised and fair value per type of instrument:

Group	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets</i>				
Accounts receivable ¹⁾	2,773	2,773	2,920	2,920
Cash and cash equivalents	53	53	223	223
Total	2,826	2,826	3,143	3,143
<i>Financial liabilities</i>				
Accounts payable ²⁾	1,992	1,992	2,188	2,188
Other long-term liabilities	23	23	43	43
Loan liabilities ³⁾	1,838	1,838	1,999	1,999
Total	3,853	3,853	4,230	4,230

¹⁾ When calculating the carrying amount of accounts receivable, the portion of the receivables that is regarded as uncertain is taken into account.

²⁾ The fair value of accounts payable is the same as the carrying amount.

³⁾ Liabilities to credit institutions, interest-bearing

Financial liabilities to credit institutions	Group		Parent Company		Granted
	2012	2011	2012	2011	
Nordea	338	800	338	800	2,500
Commercial paper	1,500	1,199	1,500	1,199	1,500
Total utilised credit	1,838	1,999	1,838	1,999	4,000

The granted overdraft facility amounts to SEK 800 million. Loan liabilities comprise an unutilised overdraft facility of SEK 338 (800) million carrying an interest rate of 2.09 (2.70) percent and two commercial papers which together are worth SEK 1,500 (1,199)

million and carry an interest rate of 1.57 (2.30) percent. The maturity of the commercial papers is seven and 46 days, respectively. The carrying amount for the loan liabilities provides a fair approximation of the fair value.

Interest income and interest expense on financial instruments

The table below shows the interest income and interest expense pertaining to all of Apoteket's financial assets and financial liabilities:

	Group		Parent Company	
	2012	2011	2012	2011
Interest income on financial assets ¹⁾	3	35	3	38
Interest expense on financial liabilities	-25	-20	-23	-25
Exchange-rate gains/losses on liabilities	3	-1	-3	-1
Total	-19	14	-23	12

¹⁾ Interest income on current investments in the period January-June 2011 amounted to SEK 33 million.

Note 22 Average number of employees

	2012		2011	
	Average number of employees	of whom, men %	Average number of employees	of whom, men %
<i>Parent Company</i>				
Sweden	3,794	13.4	3,691	12.4
<i>Subsidiaries</i>				
Sweden and abroad	746	18.9	942	18.8
Group total	4,540	14.2	4,633	13.7

Members of the Board and Senior Executives

	2012		2011	
	number of whom, men %		number of whom, men %	
<i>Group</i>				
Directors ¹⁾	10	30.0	9	33.3
President and other senior executives	19	36.8	24	41.7
<i>Parent Company</i>				
Members of the Board	10	30.0	9	33.3
President and other senior executives	10	40.0	9	33.3

¹⁾External representatives on the Board of Directors of the subsidiaries resigned in 2011.

Note 23 Related-party transactions

Group companies

For the Parent Company, Group companies accounted for 0.4 (0.1) percent of purchases and 3.9 (3.4) percent of sales during the year. With regard to purchases and sales between Group companies, the same principles apply to pricing as to transactions with external parties.

Swedish government

Apoteket is wholly owned by the Swedish government. Purchases and sales of products and services to and from government authorities and companies take place on a commercial basis.

Other interest income and interest expense

The Parent Company's interest income includes SEK 1.4 (2.7)

million pertaining to interest payments relating to Group companies. Interest expense includes SEK 2.5 (6.6) million pertaining to interest payments relating to Group companies.

Remuneration of senior executives

Remuneration of senior executives is presented in Note 8.

Other organisations in Sweden

Apoteket AB's pension foundation manages the plan assets that secure the defined benefit pension obligations for Apoteket AB and Apoteket Farmaci AB. Apoteket AB received a payment of SEK 267 (336) million in 2012 for retirement pension payments made relating to 2011.

Note 24 Share of earnings of Group companies

	Parent Company	
	2012	2011
Group contributions	289	217
Dividends from subsidiaries	8	-
Results from the sale of shares in subsidiaries	-	-
Impairment losses on shares in the subsidiaries Apoteket Norge AS and Apoteket Deutschland GmbH (2012)	-80	-72
Total	217	145

Note 25 Appropriations

	Parent Company	
	2012	2011
Difference between book depreciation and straight-line depreciation		
– Equipment	21	-25
Tax allocation reserve, provision for the year	-72	-67
Reversal of tax allocation reserve	68	-
Group contributions provided	-	-48
Total	17	-140

Note 26 Participations in Group companies

	Parent Company	
	2012	2011
Accumulated cost at the beginning of the year	257	335
Capital contribution to newly formed subsidiaries and new acquisitions	80	59
Divestments	-	-
Impairment ¹⁾	-80	-72
Liquidation	-	-65
Distributed to shareholders	-	-
Accumulated cost at year-end	257	257

¹⁾ Impairment losses on shares in the subsidiaries Apoteket International AB and Apoteksakademin AB are due to weak profitability.

Specification of the Parent Company's holdings of shares and participations in Group companies:

Group companies/Reg. no./Registered office	Number of participations	Proportion in percent	Carrying amount	
			2012	2011
Apoteket Farmaci AB 556758-1789, Stockholm	25,000	100	250	250
Apoteksakademin i Sverige AB 556792-4005, Stockholm	1,000	100	0	0
Förvaltnings AB Tanken 556500-6953, Stockholm	1,000	100	0	0
Apoteket International AB 556606-4266, Stockholm	1,000	100	0	0
Apoteket Norge AS 993289396, Oslo ¹⁾	100	100	0	-
Apoteket Deutschland GmbH 264819621, Marschacht	250	100	0	-
Apoteket Svanen AB 556822-8430, Stockholm ²⁾	1,000	100	0	-
<i>Dormant companies</i>				
Apoteksinformation AB 556043-0984, Stockholm	50,000	100	6	6
Apoteksbolaget AB 556459-6723, Stockholm	500	100	1	1
Total			257	257

¹⁾ During the year a decision was taken to close Apoteket Norge AS.

²⁾ During the year a franchise returned to Apoteket's ownership.

Note 27 Dividend per share

At the Annual General Meeting on 18 April 2013, a cash dividend for 2012 of SEK 177.14 (1,142.86) per share, for a total of SEK 31 (200) million, will be proposed. The dividend will be recognised as a distribution of earnings. A dividend of SEK 200 million was paid to the owner in 2012.

Note 28 Untaxed reserves

	Parent Company	
	2012	2011
Accumulated excess straight-line depreciation	4	25
Tax allocation reserves	576	572
Total	580	597
<i>Accumulated excess straight-line depreciation was distributed as follows:</i>		
Equipment	4	25
Total	4	25
<i>Tax allocation reserves were distributed as follows:</i>		
Tax allocation reserve, allocated at the assessment for 2007	–	68
Tax allocation reserve, allocated at the assessment for 2008	115	115
Tax allocation reserve, allocated at the assessment for 2009	165	165
Tax allocation reserve, allocated at the assessment for 2010	157	157
Tax allocation reserve, allocated at the assessment for 2012	67	67
Tax allocation reserve, allocated at the assessment for 2013	72	–
Total	576	572

Note 29 Parent Company pensions

Apoteket AB has a new pension agreement since 2008, which entails that most employees are connected to the ITP plan, excluding certain transferred categories which will continue to vest their pension in accordance with Apoteket's pension plan. A few members of the Group Executive Board are not covered by the ITP plan either. As a rule, employees born between 1949 and 1978 become members of the defined-benefit pension plan ITP2. Employees born as of 1979 become members of the defined-benefit pension plan ITP1. Retirement pensions, according to the ITP plan, are secured through Apoteket AB's pension foundation via credit insurance corresponding to the pension liability in PRI. As a result of the ITP connection, Apoteket AB pays premiums for sickness and family pensions, retirement pensions in accordance with ITP1 and supplementary retirement pensions for ITP2, known as ITPK. Apoteket's pension plan has only been changed insofar as matured pension benefits and

accrued pensions are no longer index-linked. Instead, Apoteket makes a decision regarding the potential indexing of matured pensions and accrued pensions on an annual basis. Apoteket's pension plan includes, as before, retirement pensions, family pensions, sickness pensions and family cover, including special child pensions. In addition, a supplementary retirement pension has been secured with Optimalia, the Apoteket Group's insurance association. The supplementary retirement pension is classified as a defined-contribution plan. On 1 October 2010, the Optimalia portfolio was transferred to Svensk Handel Försäkring.

Apoteket AB continued development of franchise operations in 2012 through the start-up of six new companies and the repurchase of one. These franchise companies will become independent companies outside the Group and sign their own pension terms and conditions under collective agreements.

	2012	2011
Capital value of pension commitments at start of year	-6,528	-6,205
Revenue/cost, excluding interest expense, charged to earnings	-772	-435
Interest expense	-203	-214
Payment of pensions	341	326
Capital value of pension commitments at year-end	-7,162	-6,528

The following table shows the trend in specially detached assets managed by the foundation:

	2012	2011
Specially detached assets		
Fair value of assets at start of period	9,376	10,343
Return on specially detached assets ¹⁾	1,148	-631
Payment from Apoteket's Pension Foundations	-267	-336
Fair value of assets at year-end	10,257	9,376

¹⁾ Return on specially detached assets for 2012 is recognised including operating expense.

cont'd note 29

	2012	2011
Pension obligations minus plan assets		
Capital value of pension commitments at year-end	-7,162	-6,528
Fair value of assets at year-end	10,257	9,376
Net reported for pension commitments (asset +/-liability -)	3,095	2,848
Liability/receivable recognised in the balance sheet	-	-

Specification pertaining to the year's total costs and income for pensions:

	2012	2011
<i>Pensions under own management</i>		
Revenue/cost, excluding interest expense, charged to earnings	-772	-435
Interest expense	-203	-214
Return on specially detached assets	1,148	-631
Increase/decrease in surplus in specially detached assets	-247	1,280
Cost of pensions under own management	-74	10
<i>Pensions through insurance</i>		
Insurance premiums	-49	-60
Recognised pension cost	-123	-50
Special employer's contribution on pension costs	-30	-9

The pension foundation's plan assets consist mainly of equities and interest-bearing securities with the following market values on the balance-sheet date:

Type of asset	31/12/2012	%
Shares and similar financial instruments	2,854	28
Interest-bearing securities	6,175	60
Other	1,228	12
Total	10,257	100

In 2013, the Parent Company anticipates a net cash flow relating to defined-benefit plans amounting to SEK –351 million. The expected return on plan assets is based on the existing composition of the investment portfolio.

Interest rate assumptions

Apoteket AB's connection to the ITP plan largely involves a change in the application of the interest rate assumptions, partly as a result of Apoteket now safeguarding the newly vested retirement pension, ITP2, in Apoteket's pension foundation, and partly due to the indexation being removed for vested pensions and pension payments in accordance with Apoteket's pension plan. For newly vested defined-benefit retirement pensions,

ITP2, including the pension rights vested through Apoteket's pension plan for these employees, the Pension and Registration Institute's (PRI) interest rate assumption of 3.85 percent applies.

For newly vested pensions until retirement, as per Apoteket's pension plan, the Swedish Financial Supervisory Authority's FFFS 2007:31 provision, concerning actuarial grounds, applies. This provision specifies the grounds for securing pension obligations that are to be used to calculate capital values for securing pension obligations that are not secured by life assurance companies or retirement pension fund. For other pension payments and vested pensions according to Apoteket's pension plan, an interest rate applies for the commitments, implying a pledge of future values or indexing at 2.2 percent.

Note 30 Post balance sheet events

Apoteket has no significant events to report since the balance sheet date.

Proposed distribution of earnings

The following earnings and unrestricted funds are at the disposal of the Annual General Meeting

Retained earnings	SEK 110,398,626
Profit for the year	SEK 56,271,529
Total	SEK 166,670,155

Board of Directors' statement regarding the proposed dividend

The Board of Directors considers that the proposed dividend is justifiable on the basis of the consolidation requirements, liquidity and position in general of the Parent Company and the Group, and is compatible with the owner's requirements and expectations.

The Board of Directors proposes that the available earnings be distributed as follows:

Dividend to the shareholder of SEK 177.14 per share, total	SEK 31,000,000
To be carried forward	SEK 135,670,155
Total	SEK 166,670,155

The dividend approved by the Annual General Meeting will be paid by 31 May 2013.

The undersigned declare that the consolidated and annual financial statements have been prepared in accordance with IFRS, as adopted by the EU and generally accepted accounting policies in Sweden, and provide a true and fair view of the Group's and Parent Company's position and performance, and that the Administration Report provides an accurate overview of the development of the Group's and the Parent Company's operations, position and performance and describes significant risks and uncertainties faced by the companies included in the Group.

The statement of earnings and balance sheets will be adopted at the Annual General Meeting on 18 April 2013.

Stockholm 8 March 2013

Christian W Jansson
CHAIRMAN

Maria Curman
BOARD MEMBER

Gert Karnberger
BOARD MEMBER

Kristina Schauman
BOARD MEMBER

Elisabet Wenzlaff
BOARD MEMBER

Leif Ljungqvist
BOARD MEMBER

Carin Sällström-Nilsson
EMPLOYEE REPRESENTATIVE

Carina Jansson
EMPLOYEE REPRESENTATIVE

Ann Carlsson
PRESIDENT

Our Auditors' Report was submitted on 8 March, 2013.

Ernst & Young AB

Åsa Lundvall
AUTHORISED PUBLIC ACCOUNTANT

Auditor's Report

Submitted to the Annual General Meeting of Apoteket AB (publ.), reg. no. 556138-6532

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Apoteket AB for the year 2012. The annual accounts and consolidated accounts of the company are included in this document on pages 36–79.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the

Group as at 31 December 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the consolidated statement of comprehensive income and balance sheet for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Apoteket AB for the year 2012.

Responsibilities of the Board of Directors and the President

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

Auditor's responsibility

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

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

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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

Stockholm 8 March 2013
Ernst & Young AB

Åsa Lundvall
AUTHORISED PUBLIC ACCOUNTANT

Corporate Governance Report

Apoteket Aktiebolag (publ) is a Swedish public limited liability company with its registered office in Stockholm. The Swedish State holds all shares in Apoteket AB and ownership has been exercised since 15 March 2012 by the Ministry of Health and Social Affairs. The purpose of the transfer from the Ministry of Health and Social Affairs to the Ministry of Finance was to differentiate ownership issues from regulation and supervision.



Corporate governance

Apoteket's corporate governance is based on Swedish law, the State's ownership policy, the Articles of Association and the ownership guidelines set by the owner. The ownership policy also includes guidelines for external reporting and terms and conditions of employment for senior executives. The ownership policy also presents requirements in a number of policy issues in which State-owned companies are obliged to act in an exemplary manner in terms of, for example, equality, environment, diversity and work environment. The Swedish Code of Corporate Governance, "the Code", represents part of the State's ownership policy. Deviations from the Code are reported in the table below. The company's auditors have examined the Corporate Governance Report.

The Swedish Companies Act states that the company should have three decision-making bodies: the Annual General Meeting (AGM), the Board of Directors and the President. The AGM also appoints the auditors as a control function.

DEVIATION TABLE

Code rule	Deviation	Explanation
2.1-2.7: The company shall have a nomination committee	A nomination committee has not been established.	The division for state-owned enterprises at the Ministry of Finance is responsible for the nomination process.
4.5: Reporting of independence in relation to major shareholders of the company	Independence in relation to major shareholders is not reported	The Code is primarily intended to protect minority shareholders in companies with widespread ownership. For state-owned companies there is no reason to report independence in this regard
State ownership policy	Deviation	Explanation
Guidelines for senior executives in State-owned companies	Remuneration from Apoteket to previous president is not reduced by an amount equivalent to the new income during the period that dismissal pay and severance pay are paid	A non-competition clause has been imposed on the previous president

Annual General Meeting

The AGM is the company's highest decision-making body through which the owner exercises influence over the company. In addition to representatives of the owner, members of parliament are entitled to participate in the AGM and the public is also to be given the opportunity to attend. The AGM appoints the members and the Chairman of the Board and sets the fees to be paid to the Board and auditors, approves the statements of earnings and balance sheet, distribution of earnings and other matters that are the concern of the AGM under the Swedish Companies Act, the Articles of Association and the State ownership policy.

According to the Articles of Association, Apoteket must conduct its activities in a manner that promotes a satisfactory supply of medicinal products in Sweden. Apoteket's financial targets, tasks and restrictions can be read in their entirety in the minutes from the AGM and the ownership guidelines, which are published on Apoteket's website under the Corporate Governance section.

Ownership guideline

The ownership guideline for Apoteket contains both tasks and restrictions. The aim is to ensure a well-functioning market and the supply of medicinal products until such time that market solutions for these tasks are in place. The tasks are considered necessary and important for the supply of medicinal products in Sweden and Apoteket is therefore responsible during a period of time for existing pharmacy representatives, to the extent that they are in demand, and for rural pharmacies. In addition, a percentage limitation was renewed within the outpatient market in light of Apoteket's strong position and brand in the outpatient market. If Apoteket were permitted to grow it would cause problems for competitors to establish a profitable operation alongside Apoteket, which would thus prevent effective competition. For more information about the ownership guideline, please see page 10.

Board of Directors

The Board of Directors is responsible for the organisation of the company and the management of its affairs, including the Group's strategic business plan, material investments and agreements, policy issues, etc. Each year the Board of Directors adopts rules of procedure for its own work and for the allocation of responsibilities between the Board and the Audit and Remuneration Committee. The allocation of responsibilities between the Board and the President, as well as reporting instructions, is regulated in the instructions to the President, which are adopted annually by the Board of Directors.

Nomination process

The State ownership policy outlines the nomination process for board members. The nomination process is co-ordinated by the division for state-owned enterprises at the Ministry of Finance. A working group project team analyses current competency requirements based on the composition of the Board as well as the business and current status of the company. Any recruitment requirement is then determined, and the recruitment process begins. Board members are selected from a broad recruitment base. When the process is complete nominations are published in accordance with the Code's guidelines.

Board composition

The Board consists of no fewer than five and no more than nine members without deputies appointed by the AGM, as well as two members and two deputies appointed by the trade unions. At Apoteket's AGM on 26 April 2012, Christian W Jansson

Board of Directors' composition, number of meetings attended and fees

Amount in thousand SEK	Elected	Meetings Board	Meetings Audit Committee	Meetings Remuneration Committee	Regular fee	Fee committee work
Christian W Jansson ¹⁾	2009	12/12			300	
Gert Karnberger ²⁾	2009	12/12	6/6		150	25
Kristina Schauman ³⁾	2009	12/12	6/6		150	50
Lars-Johan Jarnheimer ⁴⁾	2009	3/3		2/2	50	
Elisabet Wenzlaff ⁵⁾	2009	12/12		4/4	150	
Maria Curman ⁶⁾	2012	7/9		2/2	100	
Leif Ljungqvist ⁷⁾	2012	9/9	2/3			
Carina Jansson ⁸⁾	2002	11/12			24	
Carin Sällström-Nilsson ⁹⁾	2009	12/12			24	
Marie Redeborn ¹⁰⁾	2012	12/12			24	
Gunilla Larsson ¹¹⁾	2009	12/12			24	

¹⁾ Chairman of the Board.

²⁾ Member of the audit committee.

³⁾ Chairman of the audit committee.

⁴⁾ Member of the Remuneration Committee through April 2012.

⁵⁾ Member of the Remuneration Committee through April 2012, then chairman.

⁶⁾ Member of the Remuneration Committee beginning in May 2012.

⁷⁾ Member of the Audit Committee beginning in May 2012 (expanded Audit Committee to three members).

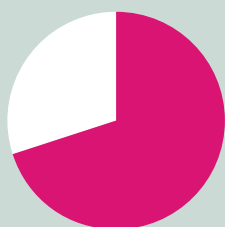
⁸⁾ Employee representative, appointed by the Swedish Pharmaceutical Association.

⁹⁾ Employee representative, appointed by the Swedish Pharmacists Association.

¹⁰⁾ Employee representative (deputy), appointed by the Swedish Pharmacists Association.

¹¹⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees.

Gender distribution Apoteket's Board of Directors



70 % women and 30 % men¹⁾

Gender distribution Apoteket's executive management



60 % women and 40 % men¹⁾

¹⁾ Breakdown per 31 December 2012

(chairman), Gert Karnberger, Kristina Schauman and Elisabet Wenzlaff were re-elected. Maria Curman and Leif Ljungqvist were elected to the Board of Directors on the same occasion. Lars-Johan Jarnheimer left his directorship for Apoteket at the AGM.

The owners' motivation for re-election of the Board indicates that the profiles deemed of vital importance include expertise in retail sales, restructuring/change, financial and legal issues. The proposed people possess solid expertise and experience from the particular areas. The composition of the Board creates favourable conditions for enabling the company to pursue operations in the re-regulated pharmacy market. The Board of Directors is deemed to match the requirements that may be imposed on a company involved in such operations.

Employee representatives were appointed by the Swedish Pharmacists Association as follows: Carina Jansson as a Board member and Gunilla Larsson as deputy member; and by the Swedish Pharmacists Association as follows: Carin Sällström-Nilsson as Board member and Marie Redeborn as deputy member.

The Board established from among its members an Audit Committee, with three members, and a Remuneration Committee with two members. The President is not a member of the Board, but attends meetings.

The Board members are presented in greater detail on page 96.

Chairman of the Board

The Chairman must ensure that the work of the Board is conducted efficiently and line with the guidelines of the owner, which, among other aspects, covers the responsibility to lead Board work, assume

responsibility for contact with the owner in issues affecting ownership and convey the owner's viewpoints, and – following consultation with the President – make proposals for the agenda and ensure that the Board of Directors receives satisfactory information and documentation for decision-making. The Chairman is also responsible for ensuring that the Board of Directors conducts an annual evaluation of the President and of its own work.

Remuneration Committee

The task of the Remuneration Committee is to prepare matters regarding remuneration and other employment terms and conditions of senior executives. The Committee consists of Elisabet Wenzlaff, chairperson, and Maria Curman. The Remuneration Committee held three meetings in 2012.

Audit Committee

The Audit Committee shall assist the Board of Directors in quality assuring financial reporting for the company and the Group. The committee consists of Kristina Schauman, Chairperson, Gert Karnberger and Leif Ljungqvist. The Audit Committee held six meetings during 2012.

Significant Board issues during 2012

The Board of Directors held 12 meetings over the course of 2012, of which one was the statutory meeting, five scheduled meetings, five meetings by telephone and one by correspondence.

Among other issues, the Board of Directors dealt with the following:

- Full Year Report
- Annual Report and Sustainability Report
- Interim reports for each quarter
- Strategic business plan and budget
- Ownership guidelines and corporate issues
- Investment issues
- Organisational and structural changes
- Sustainable development, strategies, and objectives
- Policy

Auditors

Responsibility for the appointment of auditors of State-owned companies rests with the owner. The 2012 Annual General Meeting resolved to discontinue the use of lay auditors at Apoteket. The auditor is appointed by the AGM with the task of auditing the company's financial statements and the administration of the company by the Board and the President.

The 2012 AGM elected the registered public accounting firm Ernst & Young for a one-year period until the 2013 AGM, with Åsa Lundvall, Authorised Public Accountant, as auditor in charge. The auditors' position of independence is ensured by law as well as by in-house and professional rules of ethics.

The Audit Committee met with the auditor on several occasions throughout the year in connection with a review of the interim reports and reporting on internal control and to review other auditing efforts. The auditor met the entire Board in conjunction with the adoption of the Annual Report, and the sustainability report.

Internal auditing

The company has not established a special audit function since it believes that the existing structures for monitoring and evaluation of internal controls are satisfactory.

President and executive management

The Board of Directors appoints the President of the company, who is responsible for ongoing administration within the framework set by the Board of Directors. The President appoints other members of the Group Executive Board following consultation with the Remuneration Committee. The President is responsible for keeping the Chairman of the Board continuously informed of significant events and organising the company to ensure that appropriate governance and operational control are attained. Areas of responsibility and reporting instructions are regulated in detail by the instructions to the President as set by the Board.

Executive management is led by the President and meets every second week as part of the process of running and monitoring operations. Joint Group issues and issues involving the Board are prepared by executive management. Operations are monitored by means of, for example, monthly financial reports and quarterly follow-ups.

The Group Executive Board is presented in greater detail on page 98.

Approved remuneration principles and employment terms and conditions for the President and other senior executives.

In accordance with the State's ownership policy and the Code, the Board of Directors submits proposals for principles underlying remuneration and other employment terms and conditions for senior executives for approval by the AGM. The principles and terms of employment adopted by the 2012 AGM are outlined under "Guidelines regarding the remuneration of senior executives" on page 42.

Report on internal control

This report describes how Apoteket works to ensure internal controls relating to financial reporting.

Apoteket has elected to use COSO as a method of working with internal control, and thus the internal control described below based on the control environment, risk evaluation, control activities, information and communication, and monitoring.

Control environment

The basis of internal control rests on the control environment in the company, since this sets the tone for the culture in which the Board and executive management communicate and work.

The division of work among the Board, Audit Committee and President is regulated in the work procedures and routines. To ensure that all employees at Apoteket have a shared perspective of the values that govern the company and feel secure in their work, Apoteket has an overall policy that describes Apoteket's approach in the following areas: quality, product range, personnel, brand, accounting and finance, safety, environment and ethics. The quality policy functions as an umbrella for the others. Each policy is coupled with guidelines and rules that are drawn up and assessed regularly.

The approach is also summarised in Apoteket's Sustainability Report, see page 22. Apoteket has a lengthy tradition of sustainability programmes, which leads, in the long term, to a responsible and successful company – financially, socially and environmentally.

Apart from complying with applicable legislation, Apoteket shall also apply GPP (Good Pharmacy Practice), GMP (Good Manufacturing Practice), GDP (Good Distribution Practice) and GCP (Good Clinical Practice). This contributes to focusing operations in compliance with rules and control, which also has a positive impact on internal control for financial reporting. Instructions for accounting, closing accounts and financial reporting have been compiled in the company's accounting and finance manual. New managers are regularly offered courses in business administration.

Risk evaluation

Apoteket has a central unit that also manages the ongoing accounting processes for the subsidiaries. The unit identifies, analyses and decides on the treatment of any errors as regards financial reporting.

Items in the statement of earnings and balance sheet are consistently risk-assessed and especially so ahead of quarterly and annual closing. A decisive feature in determining whether an activity carries high risk is the volume and complexity in terms of calculation, valuation and accrual periods. Items with high risk are managed in line with special procedures.

A large proportion of Apoteket's operations depends on a smoothly functioning IT system. IT-related risks are also assessed. This also applies to internal control in respect of financial reporting, which is largely systems dependent. Apoteket continued to replace IT systems during the year, which intensified the focus on ensuring flows and procedures. Special procedures were developed for high-risk activities.

Control activities

Control activities created based on the risk analysis are aimed at identifying and correcting shortcomings as well as preventing them. Reviews of control activities are performed regularly. For each process that creates financial information, there is a process owner responsible for ensuring that the descriptions are consistently updated and that controls are appropriate. Control activities are subject to a well-defined division of responsibility. Responsibility and roles in terms of financial reporting have been defined and communicated to employees at Apoteket. Examples of such controls range from account reconciliation and control of profit/loss and balance sheet items to key data and sales statistics. In the case of IT systems, continuous reviews are conducted in conjunction with financial reports.

Apoteket works continuously on action programmes to counteract any shortcomings that emerge.

Information and communication

Internal information and external communications are regulated at the overall level by Apoteket's brand policy. Central communication from the Board and management is conducted regularly, mainly through meetings with each executive. Executives are responsible for keeping their co-workers informed. Another key communication channel is Aponet, Apoteket's intranet. All employees are reached effectively and efficiently via Aponet. This channel is used to publish policy, guidelines, instructions and corresponding documents that govern and support operations.

Certain support functions such as Accounting have a dedicated page on the intranet, which is used to publicise financial information. By this means, efforts are made to aim information at the right recipient. The Board of Directors and executive management receive regular information regarding financial reporting. The Board of Directors and executive management review the official reports and conduct an active dialogue with the external auditors. The Board of Directors and executive management subsequently convey the information to the company's employees.

Monitoring

A number of Apoteket units work on monitoring processes for internal control. The pharmacies must comply with regulatory requirements, GPP, GMP and GCP requirements as well as internal management documents. To a certain extent, these requirements also cover significant processes for financial reporting. Requirements compliance is monitored through self-inspection and internal quality and environmental audit.

The Safety Unit also conducts inspections to monitor certain components linked to financial reporting, such as goods and cash management.

Apoteket has a centralised accounting function. This means that many existing control activities are performed at a central level. Consequently, monitoring to ensure that controls have been conducted is organised as part of the central accounting function. Financial results and operational key data are analysed monthly. Monitoring is performed in a standardised and structured manner for all units in the company. In conjunction with the quarterly closing accounts, executive management meets with operations managers to review results, key data and operational target fulfilment. This approach offers an accurate reflection of the financial results and ensures that operational control functions in relation to targets.

Furthermore, the entire executive management regular reviews to evaluate the integrated management system for quality, environment and sustainable development function in a satisfactory manner. The underlying basis for this review includes quality evaluations, safety inspections and self-evaluation.

During the latter part of 2012 Apoteket established a new function for internal control over financial reporting. A calendar for 2013 was formulated to handle the company's most essential internal controls, including controls for IT, retail and wholesale inventories, and invoiced sales.

Internal audit

The company believes that the existing structures for monitoring and evaluation of internal controls – comprising accounting, quality, safety and self-evaluation – are satisfactory. Apoteket's Board has not found any reason to establish a special internal audit function.

Auditor's Report on the Corporate Governance Report

Submitted to the Annual General Meeting of Apoteket AB (publ.),
reg. no. 556138-6532

Duties and responsibilities

We have examined the 2012 Corporate Governance Report on pages 82–86. The Board has responsibility for the corporate governance report and ensuring that it is prepared in accordance with the Swedish state's "ownership policy and guidelines for state owned companies" and thus in accordance with the Swedish Code of Corporate Governance and the Annual Accounts Act, where applicable. Our responsibility is to make a statement on the Corporate Governance Report on the basis of our audit.

Focus and scope of the review

We conducted our audit in accordance with RevU 16, Examination of Corporate Governance Reports by auditors. These standards require that we plan and perform the audit to ascertain with high but not absolute certainty that the Corporate Governance Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information contained in the Corporate Governance Report. We believe that our audit provides a reasonable basis for our opinion set out below.

Opinions

We believe that a corporate governance report has prepared according to "State ownership policy and guidelines for enterprises with central government ownership" and that on are consistent with annual report and consolidated accounts.

Stockholm 8 March 2013

Ernst & Young AB

Åsa Lundvall

AUTHORISED PUBLIC ACCOUNTANT

Indicator Description		Status	Reference	GC ¹⁾
1. Strategy and analysis				
1.1	Statement from President	●	p. 6–7	
1.2	Description of key impacts, risks and opportunities.	●	p. 6–9, 22, 33	
2. Organisational profile				
2.1	Name of the organisation	●	Back page	
2.2	Primary brands, products and/or services.	●	p. 13–21	
2.3	Organisational structure.	●	p. 12	
2.4	Location of organisation's headquarters.	●	Back page	
2.5	Number of countries where the organisation operates.	●	p. 4, 21	
2.6	Nature of ownership and legal form	●	p. 82	
2.7	Markets where the organisation operates.	●	p. 13, 17	
2.8	Scale of the reporting organisation.	●	p. 4-5	
2.9	Significant changes during the reporting period.	●	p. 21	
2.10	Awards and prizes received during the reporting period.	●	p. 4, 27	
3. Report parameters				
Report profile				
3.1	Reporting period.	●	p. 93	
3.2	Date of most recent previous report.	●	p. 93	
3.3	Reporting cycle (annual/biennial, etc.).	●	p. 93	
3.4	Contact point for questions regarding the report or its contents.	●	p. 103	
Report scope and boundary				
3.5	Process for defining report content.	●	p. 22, 33–35, 93	
3.6	Boundary of the report.	●	p. 93	
3.7	Any specific limitations on the scope or boundary.	●	p. 93	
3.8	Accounting policies.	●	p. 93	
3.9	Data measurement techniques and the bases of calculations. <i>Comment: Measurement methods are specified where deemed appropriate for the complexity of the respective measurement method.</i>	●	See comment	
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatements. <i>Comment: No restatements since the previous year's Sustainability Reporting, except for calculation of business travel; 2011 figures were restated using the key ratio "mean number of employees".</i>	●	p. 93 and comments	
3.11	Significant changes from previous reporting periods. <i>Comment: No changes</i>	●	See comment	
GRI Content Index				
3.12	Table identifying the location of standard disclosures.	●	p. 90-93	
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	p. 93-95	
4. Governance, commitments and engagement				
Governance				
4.1	Governance structure of the organisation.	●	p. 82-89	1–10
4.2	Indicate whether the Chair is also the President.	●	p. 97-98	1–10
4.3	For organisations that have a unitary board structure, state the number of members in the body that are independent and/or non-executive.	●	Not applicable	1–10

¹⁾ Principle in Global Compact

Status symbols: ● Fully reported ■ Partially reported

Indicator Description		Reference	GC ¹⁾
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the board or management.	● p. 83–84, 97–98	1–10
4.5	Linkage between compensation for directors, senior managers and executives and the organisation's performance.	● p. 86	1–10
4.6	Processes in place for the Board to ensure conflicts of interest are avoided.	● p. 83	1–10
4.7	Process for determining the qualifications and expertise of the members of the highest order to guide the organisation's strategy on economic, environmental and social issues.	● p. 33, 83	1–10
4.8	Internally developed statements of mission or values, Codes of Conduct and principles relevant to economic, environmental and social performance.	● p. 23, 29, 33	1–10
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social issues.	● p. 33	1–10
4.10	Processes for evaluating the Board's own performance, particularly with respect to economic, environmental and social performance.	● p. 33	1–10
Commitments to external initiatives			
4.11	Explanation of whether and how the organisation follows the precautionary principle. <i>Comment: Apoteket follows the precautionary principle, which is implicit in the "seven-step model" for product review.</i>	● p. 29 and comment	7
4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses	● p. 7, 33, 93	1–10
4.13	Membership in associations and/or national/international advocacy organisations. <i>Comment: Almega, Confederation of Swedish Enterprise, Pharmacists without Borders, Swedish Pharmacy Association, Swedish Environmental Management Council, SIQ, SIS, SNS, Confederation of Swedish Enterprise Security Delegation, Swecare</i>	● See comment	
Communication and stakeholders			
4.14	Stakeholder groups engaged by the organisation.	● p. 16, 35	
4.15	Basis for identification and selection of stakeholders.	● p. 34	
4.16	Approaches to stakeholder engagement.	● p. 34–35	
4.17	Key topics and concerns that have been raised through stakeholder engagement.	● p. 16, 34–35	
5. Management approach and performance indicators			
	Disclosure on sustainability management – Economic.	● p. 5–7, 11, 22, 33, 37–38	
	Disclosure on sustainability management – Environmental.	● p. 22, 33	7–9
	Disclosure on sustainability management – Labour.	● p. 22, 33	1, 3, 6
	Disclosure on sustainability management – Human rights.	● p. 22, 33	1–6
	Disclosure on sustainability management – Society.	● p. 22, 33	10
	Disclosure on sustainability management – Product responsibility.	● p. 11, 22, 33	8
Economic performance indicators			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	● p. 5, 42	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change. <i>Comment: Climate change will pose new challenges for Apoteket in the form of changing needs and circumstances. However, the exact results of the new challenges are surrounded by great uncertainty.</i> <i>Risks Climate change increases the risk of extreme weather that can affect suppliers in our supply chain. It can make production of our products more vulnerable, which in turn may lead to increased production costs. However, no risk analysis or quantification of the economic impacts of climate change has been carried out.</i> <i>Business opportunities: Climate change may lead to increased demand for some of Apoteket's products. One consequence of climate change is that some diseases may be spread to a greater extent in our country, which will mean an increased need for medications. An analysis of the needs that may arise has not yet been carried out.</i>	● See comment	7

¹⁾ Principle in Global Compact

Status symbols: ● Fully reported ■ Partially reported

Indicator Description		Reference	GC ¹⁾
Environmental performance indicators			
EN4	Indirect energy consumption by primary source. Comment: Electricity and heating in 2012 amounted to 35,344 MWh (37,355 MWh), which is equivalent to about 1,071 tonnes of CO ₂ (1,171 tonnes). The values are based on standard calculations assuming that heat comes from district heating and electricity comes from renewable sources.	● See comment	8
EN16	Total direct and indirect greenhouse gas emissions by weight. Comment: The total quantity of carbon dioxide emissions from goods transports in 2012 was 11,106 tonnes (10,635 tonnes), including internal goods transports 2,834 tonnes (1,513 tonnes) and external goods transports 5,331 tonnes (5,540 tonnes). Emissions from internal goods transports increased because in May 2012 the carrier Panaxia lost contracts with Oriola and Mediq, whose goods were previously delivered together with Apoteket's. Consequently Apoteket incurred a higher percentage of the emissions.	● p. 25 and comment	8
EN17	Other relevant indirect greenhouse gas emissions by weight. Comment: Business travel in 2012 accounted for about 9,060,000 kilometres (10,550,000 kilometres), corresponding to about 1,870 tonnes of CO ₂ (2,411 tonnes).	● p. 25 and comment	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. Comment: See comment for EN16 and EN17.	▶ p. 25 and comment	7-9
EN22	Total weight of waste by type and disposal method. Comment: Apoteket had about 1,449 tonnes of waste, including 76 tonnes (72 tonnes) of hazardous waste, 890 tonnes of conventional waste, 356 tonnes (287 tonnes) of pharmaceutical waste and 127 tonnes of confidentiality waste in 2012. Conventional and confidentiality waste were not measured in 2011. Consequently the 2012 total cannot be compared with the 2011 total.	▶ p. 31–32 and comments	8
EN23	Total number and volume of significant spills. Comment: No significant spills occurred in 2012.	● See comment	8
EN26	Initiatives to mitigate environmental impacts of products and services, and impact mitigation.	▶ p. 23–26, 29–32	7–9
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. Comment: No significant fines were incurred in 2012.	● See comment	8
Performance indicators for labour practices and decent work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender. Comment: Total number of employees in 2012 was 5,222 (5,522), including 79% (79) indefinite-term staff and 21% (21) temporary staff; 71% (70) full-time employees and 29% (30) part-time employees; 14% (13) men and 86% (87) women. Breakdown by region was not deemed relevant. Contract employees are not included in the report.	● p. 4 and comment	
LA2	Number of employees who quit and staff turnover by age group, gender and region. Comment: Employee turnover in 2012 was 8.37% (13). Broken down by age group and gender: <30 years men 10.34 (21)% and women 9.75 (23)%; 30-50 years men 10.53 (10)% and women 7.65 (15)%; >50 years men 6.45 (1)% and women 4.92 (5)%. Breakdown by region was not deemed relevant. Contract employees are not included in the report.	● See comment	6
LA4	Percentage of employees covered by collective bargaining agreements. Comment: Apoteket has one central collective agreement that applies to all company employees. The agreement is available on Apoteket's intranet.	● See comment	1, 3
LA5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements. Comment: The collective agreements do not have any special rules about notice periods. However, the rules of the Swedish Act containing certain measures to promote employment regulate notice and stipulate that a specific amount of time prior to a change the employer must notify the Swedish Employment Service. The time when notice must be given depends on the number of employees affected by the reduction in operations. The minimum notice period for reduced operations is two months.	● See comment	3
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes Comment: All Apoteket employees are represented by health and safety representatives who are appointed by trade union organisations and are locally based at the workplaces.	● See comment	1

¹⁾ Principle in Global Compact

Status symbols: ● Fully reported ▶ Partially reported

Indicator Description		Reference	GC ¹⁾
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region. <i>Comment: Forty incidents were reported in 2012, nine of which resulted in injuries requiring sick leave. Injury rate (IR) = total number of injuries/number of worked hours *200,000 = 1.1 (0.9). Injury rate (IR) for work-related illnesses = total number of cases of work-related illnesses/total number of worked hours *200,000 = 0.26 (0.25). No fatal accidents occurred at work.</i>	● p. 27 and comment	1
LA13	Composition of governance bodies and breakdown of employees by gender, age group, minority group membership and other indicators of diversity. <i>Comment: On 31 Dec 2012 Board of Directors consisted of 10 people, including <30 years 0%, 30-50 years 30%, >50 years 70%, men 30% and women 70%. On 31 Dec 2012 executive management consisted of 10 people, including <30 years 0%, 30-50 years 80%, >50 years 20%, men 40% and women 60%.</i>	● p. 96-99 and comments	1, 6
Performance indicators for human rights			
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening and actions taken. <i>Comment: In 2012, two spot audits were carried out at suppliers (29 in 2011). A risk assessment is carried out for each new supplier of merchandise or indirect material; the goal is for 100% of all such new suppliers to sign Apoteket's Code of Conduct.</i>	● p. 23 and comment	1-6
HR4	Total number of incidents of discrimination and corrective actions taken. <i>Comment: No incidents of discrimination were reported in 2012.</i>	● See comment	1, 2, 6
Society performance indicators			
S02	Percentage and total number of business units analysed for risks related to corruption. <i>Comment: Because of the new anti-bribery legislation that came into force in spring 2012, Apoteket will review its governing documents in 2013 and take steps to further ensure that no corruption incidents occur within the business. No risk analysis with a focus on corruption was carried out in 2012.</i>	● See comment	
S04	Actions taken in response to incidents of corruption. <i>Comment: No incidents of corruption were reported in 2012.</i>	▶ See comment	
S07	Total number of legal actions taken against the organisation for anti-competitive behaviour, antitrust and monopoly practices and their outcomes. <i>Comment: No legal actions were taken against Apoteket in 2012.</i>	● See comment	
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. <i>Comment: A fine of SEK 1 million was imposed because Apoteket AB had violated an order from the Swedish Medical Products Agency regarding the regulation (LVFS 2009:6) on marketing medicinal products for human use.</i>	● See comment	
Product responsibility performance indicators			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	▶ p. 29-32	1
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. <i>Comment: No complaints were received regarding breaches of customer privacy in 2012.</i>	● See comment	1
PR9	Significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. <i>Comment: No fines were imposed on Apoteket AB for violation of laws and regulations in 2012.</i>	● See comment	

¹⁾ Principle in Global Compact

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About the Sustainability Report

The Sustainability Report for financial year 2012 addresses the most important aspects in Apoteket's business activities and encompasses the entire company, including the franchise pharmacies. The report also covers Apoteket's efforts to reduce indirect environmental and social impacts that arise in the supply chain. The goal is to demonstrate the company's commitment to sustainable development and how it handles external demands and expectations. The Sustainability Report has been prepared based on the Global Reporting Initiative's (GRI) international guidelines for Sustainability Reporting, G3.1, and meets the requirements for GRI application level B+. Apoteket has engaged in an ongoing dialogue with its stakeholders over the course of the year, taking their views into account when assessing the relevant areas and indicators for the report. This year's Sustainability Report is included in Apoteket's annual report, which is a change compared with the 2011 Sustainability Report that was published on 30 March 2012.

Auditor's review report on Apoteket AB's Sustainability Report

To the readers of Apoteket AB's Sustainability Report

We have been engaged by the Board of Directors of Apoteket AB to the company's 2012 Sustainability Report. It is the Board of Directors and executive management that is responsible for the continuous activities regarding the environment, workplace health and safety, quality, social responsibility and sustainable development, as well as for the preparation and presentation of the Sustainability Report in accordance with applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

Focus and scope of the review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR (the institute for the accountancy profession in Sweden). A review consists of making inquiries, primarily of persons responsible for preparing the Sustainability Report, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. The conclusion based on a review therefore does not provide the same assurance as a conclusion expressed based on an audit.

The criteria on which our review are based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the specific measurement and reporting principles that the company developed and disclosed. We consider these criteria to be suitable for the preparation of the Sustainability Report.

Our review covers the areas referred to in the GRI index on pages 90-93 and those pages in the Sustainability Report referred to in this table.

Our review, which is based on an assessment of materiality and risk, has included, among other things, the following procedures:

- A.** an update of our knowledge and understanding for Apoteket AB's organisation and activities,
- B.** assessment of suitability and application of criteria regarding stakeholders' need for information,
- C.** assessment of the result of the company's stakeholder dialogue,
- D.** interviews with responsible management, at selected divisions with the aim of assessing whether the qualitative and quantitative information stated in the Sustainability Report is complete, correct and sufficient,

- E.** read internal and external documents to assess whether the reported information is complete, correct and sufficient,
- F.** an evaluation of the design of the systems and processes used to obtain, manage and validate sustainability information.
- G.** an evaluation of the model used to calculate carbon dioxide emissions,
- H.** analytical review of reported information,
- I.** reconciliation of financial information against the company's 2012 annual report,
- J.** an assessment of the company's stated application level according to GRI guidelines,
- K.** an assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria.
- L.** a reconciliation of the reviewed information with the sustainability information in the company's 2012 Annual Report.

We have not reviewed information that Apoteket AB reports on its website, apoteket.se.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm 8 March 2013

Ernst & Young AB

Åsa Lundvall
AUTHORISED PUBLIC ACCOUNTANT

Stefan Andersson-Berglund
AUTHORISED PUBLIC ACCOUNTANT



Christian W Jansson, Kristina Schauman, Maria Curman



Leif Ljungqvist, Elisabet Wenzlaff, Gert Karnberger



Carin Sällström-Nilsson, Marie Redeborn, Gunilla Larsson, Carina Jansson

Board of Directors and Auditors

Board of Directors

Christian W Jansson

Chairman
Board member since 2009.
Born 1949.

Other significant assignments:
Chairman of Svensk Handel and Vivoline Medical AB. Board member of Bong AB, KappAhl AB, Europris SA, Children's Rights in Society (BRIS) and Confederation of Swedish Enterprise. Children's Rights in Society.

Leif Ljungqvist

Board member since 2012.
Born 1971.

Other significant assignments:
Company administrator at the unit for State-owned enterprises, Ministry of Finance. Board member of Akademiska Hus AB and AB Svensk Bilprovning.

Previous positions:

Board member of Vasallen AB and AB Bostadsgaranti. Equity analysts Kaupthing Bank and Hagströmer & Qviberg.

Kristina Schauman

Board member since 2009.
Born 1965.

Other significant assignments:
Board member and Chairman of the Audit Committee at ÅF AB and Orexo AB. Board member of Skandia Liv AB and member of Save the Children's Advisory Board.

Previous positions:

CFO Carnegie Investment Bank AB, CFO OMX AB and CFO Investor AB.

Elisabet Wenzlaff

Board member since 2009.
Born 1955.

Other significant assignments:
Board member of Briggen Tre Kronor AB and Opticos AB.

Previous positions: Chief Legal Officer, Volvo Cars. CEO and Chief Legal Officer Akzo Nobel AB as well as company lawyer ABB AB.

Maria Curman

Board member since 2012.
Born 1950.

Other significant assignments:
Board member of Bonnier AB, Bonnierförlagen AB, Bonnier Media Deutschland, Cappelen Damm A/S, Axfood and Teracom AB.

Previous positions:
CEO Bonnier Books and CEO Sveriges Television.

Gert Karnberger

Board member since 2009.
Born 1943.

Other significant assignments:
Chairman of Board of Swedish Industry and Commerce for Better Regulation, NNR. Board member of and Chairman of the Audit Committee of Swedol AB (publ).

Previous positions:
President, CEO and Board member of Clas Ohlson AB and vice president of Systembolaget AB.

Employee representatives

Carina Jansson

Employee representative appointed by the Swedish Pharmaceutical Association, served on Apoteket's Board of Directors since 2002 (member since 2005). Born 1951.

Other significant assignments:
Chair, Swedish Pharmaceutical Association. Board member of Apoteket AB pension foundation and Swedish Confederation of Professional Employees.

Gunilla Larsson

Employee representative (deputy), appointed by the Swedish Pharmaceutical Association. Served on Apoteket's Board of Directors since 2009. Born 1951.

Other significant assignments:
Board member of Swedish Pharmaceutical association.

Carin Sällström-Nilsson

Employee representative appointed by the Swedish Pharmacists Association (ordinary member). Served on Apoteket's Board of Directors since 2009. Born 1954.

Marie Redeborn

Employee representative (deputy), appointed by Swedish Pharmacists Association. Served on Apoteket's Board of Directors since 2012. Born 1964.

Auditor

Åsa Lundvall

Authorised Public Accountant, Ernst & Young AB, elected 2011.
Born 1970.

Other significant assignments:
Elected auditor at ATG, AB Trav and Galopp, H&M Hennes & Mauritz Sverige AB, Lidl KB, Ramsbury Property AB and Systembolaget AB.

Executive management

Ann Carlsson

CEO and President
HR specialist. Employed and member of executive management since 2010. Born 1966.

Other significant assignments:
Board member of Ruter Dam, member of Stockholm Chamber of Commerce and member of CCRC Europe.

Previous positions: Assignments within the ICA Group, most recently as head of the ICA Business areas.

Jan Johansson,

CFO
MSc in Business Administration and Economics. Employed and member of executive management 2011. Born 1962.

Other significant assignments:
Board member of Apoteket AB pension foundation.

Previous positions:
Chief financial officer Eniro and CFO Nobia.

Ulrika Eriksson

Vice President and director of the Consumer business area
MSc in Business Administration and Economics. Employed and member of executive management 2005-2007 as well as since 2009. Born 1969.

Other significant assignments:
Board member of Bong AB and ProPac International AB.

Previous positions:
Head of purchasing for Small Shops Sverige AB, vice president of Svenska Pressbyrå AB and vice president of Reitan Servicehandel i Sverige AB.

Carina Fält

Director of Business Development
Employed and member of executive management since 2012. Born 1972.

Previous positions:
Assignments within the ICA Group, most recently as head of the Retail Development ICA.

Eva Fernvall

Director of Corporate Communications
Biomedical technician.
Employed and member of executive management since 2005. Born 1953.

Other significant assignments:
Chair of e-Hälsostitutet. Board member of Karolinska Institutet's board of directors and IQ.

Previous positions:
President Swedish Association of Health Professionals, Vice-President Swedish Confederation of Professional Employees, vice president Swedish Association of Health Professionals, biomedical technician Danderyd Hospital.

Lars Skutholm,

Director Health Care & Enterprises
MSc in Business Administration and Economics. Employed 2009 and member of executive management since 2011. Born 1968.

Previous positions:
Assignments at Pharmacia. Nycomed, Novartis and Nestlé.

Olle Carls

Director of Logistics
Employed and member of executive management since 2012. Born 1960.

Previous positions:
Director of Logistics Dahl Sverige AB, CEO UPS Logistics Group Nordic AB, Head of Marketing and It Schenker CLC AB, Director of Logistics Computer 2000 AB.

Anna Rogmark

Chief Legal Officer
LLB. Employed 2005 and member of executive management since 2010. Born 1965.

Other significant assignments:
Board member of Apoteket AB pension foundation.

Previous positions:
In-house counsel Biovitrum and Pharmacia.

Pontus Rosén

Director of Product Line & Market
Employed 2010 and member of executive management since 2012. Born 1975.

Previous positions:
Assignments at Johnson & Johnson Consumer Nordic, Absolut Spirits/Vin & Sprit, Differ, Procter & Gamble and within Purchasing & Product line at Apoteket.

Kenneth Hagsten

Will assume the position of Director of Human Resources in spring 2013.



Jan Johansson, Ann Carlsson, Anna Rogmark



Olle Carls, Pontus Rosén, Carina Fält



Ulrika Eriksson, Lars Skutholm, Eva Fernvall

Multi-year summary

Key figures

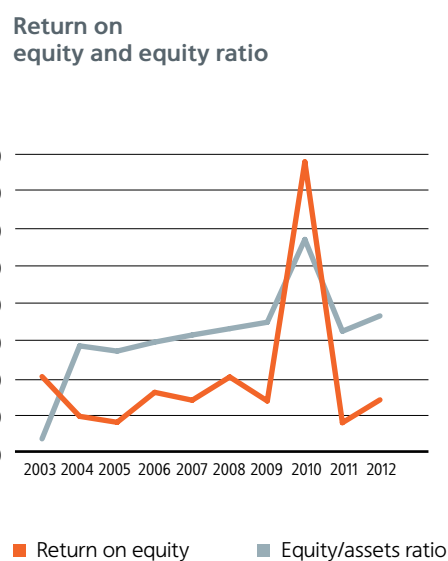
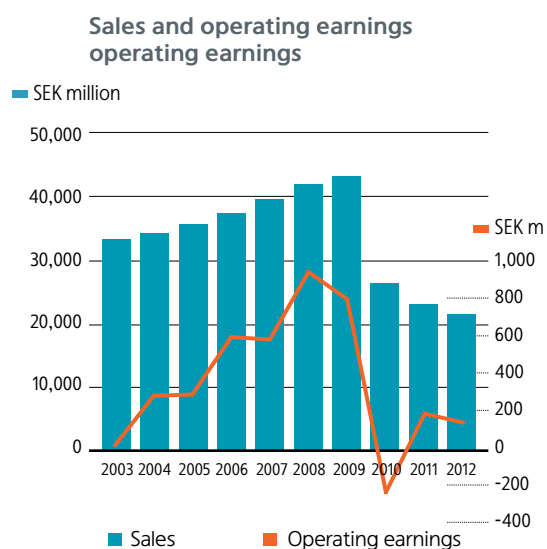
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net sales, SEK million	21,392	22,960	26,275	43,073	41,710	39,493	37,269	35,444	34,092	33,112
Gross profit, SEK million	4,217	4,406	5,835	8,901	8,447	7,941	7,456	6,979	6,671	6,235
Operating expenses, SEK million	4,208	4,298	5,422	8,103	7,508	7,365	6,871	6,701	6,405	6,224
Operating earnings, SEK million	141	189	-233	804	950	588	600	292	285	19
Financial items, SEK million ³⁾	-19	14	31	3	19	14	21	-2	-3	178
Pre-tax earnings, SEK million	354	586	4,524	806	969	602	621	290	282	197
Net earnings for the year, SEK million	367	391	4,520	532	711	433	447	201	205	351
Dividend (approved and paid the following year), SEK million	31 ¹⁾	200	5,400	372	237	145	150	70	100	117
Balance sheet total, SEK million	7,790	8,249	13,537	11,686	11,700	10,596	10,309	9,815	8,943	7,913
Equity, SEK million	2,820	2,656	7,665	4,026	3,838	3,293	3,010	2,632	2,518	1,855
Change in net sales, %	-6.8	-12.6	-39.0	3.3	5.6	6.0	5.1	4.0	3.0	3.4
Gross profit margin, %	19.7	19.2	19.7	20.7	20.3	20.1	20.0	19.7	19.6	18.8
Equity/assets ratio, %	36.2	32.1	56.6	34.5	32.8	31.1	29.2	26.8	28.2	23.4
Return on capital employed, % ⁴⁾	5.0	4.6	46.8	14.6	18.2	11.1	12.0	6.2	7.5	5.4
Return on equity, %	13.8	7.6	77.3 ²⁾	13.5	19.9	13.7	15.8	7.8	9.4	20.0
Average number of employees	4,540	4,633	5,655	10,319	10,666	10,689	10,632	10,914	10,856	10,886

¹⁾ Dividend for 2012 relates to a proposed, but not yet approved dividend of SEK 31 million.

²⁾ Return on equity, adjusted for capital gains of SEK 4,427, amounted to 2.5%.

³⁾ Financial items do not include return on assets or interest expense on the pension obligation.

⁴⁾ In 2010 and earlier, capital employed was calculated on total assets, including pension claim.



Financial definitions

Average number of employees

This is calculated according to Recommendation R4 of the Swedish Accounting Standards Board as the average of the number of persons employed based on monthly surveys during the financial year. An adjustment has been made for part-time personnel, parental leave, leave of absence and long-term sick leave.

Capital employed

Balance sheet total (excluding pension assets) less non-interest-bearing liabilities including deferred tax liabilities.

COSO

In 1992 the Committee of Sponsoring Organisations of the Treadway Commission (COSO) published the Internal Control Integrated Framework to help businesses and other organisations to assess and improve their internal governance and control systems.

Earnings per share

Earnings after tax divided by the number of shares.

Employees

Number of indefinite-term staff, temporary staff and hourly employees, regardless of time worked and absence.

Equity/assets ratio

Shareholder's equity as a percentage of the balance sheet total.

Goods for resale

The term "Goods for resale" includes Apoteket's product costs for the sale of pharmaceuticals and other products.

Gross profit

Difference between net sales and cost of materials.

Gross profit margin

Difference between net sales and cost of materials as a percentage of net sales.

Interest-bearing net debt

Interest-bearing liabilities less cash and short-term investments.

International Financial Reporting Standards (IFRS)

Standards issued by the International Accounting Standards Board (IASB).

Operating cash flow

Cash flow from operating activities and cash flow from investing activities excluding corporate acquisitions and divestments.

Operating margin

Operating income after depreciation, amortisation and impairments as a percentage of this year's net sales.

Return on capital employed

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

Return on equity

Profit after tax as a percentage of average shareholders' equity for the last twelve months.

Glossary

ApoDos (Multi-dose dispensed drugs)

ApoDos is Apoteket's service for unit-dose packaging of medications. Each multi-dose package contains the drugs a patient is supposed to take at any one time, e.g. morning, noon or night.

Apotekens Service AB (APSE)

State company responsible for the infrastructure used by all players in the re-regulated pharmacy market.

Compounded drugs

Drugs that are not available from the pharmaceutical industry for reasons related to the production process, or for other reasons, but that are still needed. They are produced temporarily to meet the specific needs of the customer. They are also known as extemporaneous drugs.

Dental and Pharmaceutical Benefits Agency (TLV)

Government agency that reviews and makes decisions about which drugs and dental care procedure will be covered by the state in the high-cost threshold.

Drug utilisation reviews

One of Apoteket's services in which Apoteket's employees review the patient's medication use together with doctors, nurses, and in some cases, patients and their families. The service aims to improve the patient's use of medicines

Health products.

Non-prescription drugs and other health products

Medical Products Agency

The Medical Products Agency is responsible for oversight of medical device products and cosmetics, as well as approval and inspection of pharmaceuticals and natural remedies.

Multi-dose-dispensed drugs

See ApoDos.

Mystery calling

Method used to monitor the quality of Apoteket's customer service.

Mystery shopping

Method used to monitor customer service quality at the local pharmacy.

Non-prescription drugs

Medicinal products that do not require a prescription. Also referred to as Over-the-Counter (OTC) drugs.

Other health products

Such products include skin and hair care products, dental products, hygiene products, nutritional supplements and health books.

Pharmacy representatives

Pharmacy representatives are distribution points for medications and other pharmacy goods. They are found in small communities that do not have regular pharmacies.

Pharmaceutical specialist

Person with a pharmaceutical education, such as pharmacist and prescriptionist.

Prescription drug sales

Sales of prescription drugs and other prescribed sales, such as multi-dose dispensed drugs.

Prescription drugs

Medicinal products that require a prescription.

Red List

Guidelines that summarise and clarify for suppliers which substances Apoteket considers to be acceptable in health products.

For additional information regarding Apoteket's annual report, please contact Ann Carlsson, CEO or Jan Johansson, CFO. For additional information regarding Apoteket's sustainability programmes, please contact Eva Fernvall, director of corporate communications, or Erik Thorsell, director of quality management. They can all be reached at +46 (0)10-447 50 00

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