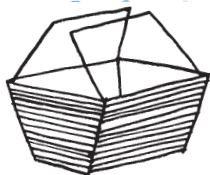
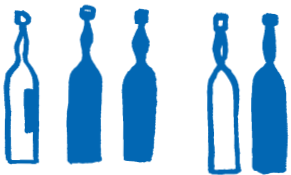


Systembolaget Annual Report 2002

With tables and diagrams of statistics on Systembolaget sales.



Systembolaget 2002 – in brief

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Stores	419
Local agents	590
Brands stocked, including brands available to order	5,297
Sales of wine, 1,000s of litres	136,507
Sales of spirits, 1,000s of litres	23,308
Sales of strong beer, 1,000s of litres	170,455
Customer visits	98.7 million
Customer visits, Saturdays	13.2 million
Peak sales day during year	Monday, 30 December – 905,000 customers
Employees	4,236
Sales (Group) MSEK	19,132
Net profit (Group) MSEK	142

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Home page: www.systembolaget.se.

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PHOTO BERNO HJÄLMRUD, BAUER

Putting an end to the double morality myth

Every year, we question close on 60,000 customers about Systembolaget. This gives us good quality information to use in our work of improving the organization, but what also emerges clearly is that people have two perspectives on Systembolaget. One is that of the citizen, where our social responsibilities weigh heavily in the balance, and the other is that of the customer, where our range of products and service standards are crucial. And these perspectives are complementary. Satisfied customers are satisfied citizens, and a satisfied citizen makes a more satisfied customer!

We are approaching 2004, the year we linked our strategic objectives to a new strategic plan. The overriding goal of the plan is to develop Systembolaget and in so doing to create the conditions for our retailing monopoly to be retained in the future too.

In 2004, the full impact of the growing competition from import allowances will be felt, and in that situation it is our aim to have made good progress in our effort to become a leading specialist retailer that is popular with the Swedish people.

The past year, 2002, was to us at Systembolaget an intensive one. Alongside a great deal of development activity, we recorded our highest-ever sales and nearly 99 million customer visits. This created a tremendous strain on the organization, and our personnel turned in a fantastic performance.

Much of this development work focused on creating the conditions for better service to our customers, for example in the form of a new sales organization, a new in-store IT system and the implementation of a product range structure in all stores.

We established a product depot to guarantee fast delivery of customer orders, trialled customer tastings, expanded our self-identification system for enforcing the minimum age for purchases, quality assured an alcohol-free production range in all stores and identified new channels for information on the downsides of alcohol. This included a regular feature in our new customer magazine Bolaget. And we also started advertising Systembolaget and the alcohol retailing monopoly.

So in 2004, it will be for to us to prove how well we have managed to carry out our strategic plan, and we have every chance of succeeding. The fundamentals of the plan remain sound, and I am looking forward to the years ahead, when we must deliver results both to our customers and to the citizens of Sweden. And we can already see that the results are starting to emerge, in our customer surveys and in public opinion support for Systembolaget and the retailing monopoly.

Because our customers are capable of seeing Systembolaget both as citizens and as customers, the whole double morality myth is falling away. Systembolaget offers not only one of the widest product ranges in the world, but also the knowledge and service-mindedness to cater to customer needs in an appropriate way. We do not sell to people below the age of 20 years, we do not entice people into our stores and we do not sell more than our customers ask for. Our advice is brand-neutral. Our food and drink book "För alla sinnen" ("For All the Senses") brings together some of the knowledge that we share every day with customers in our stores. The book won an award for the best book in the world on food and wine – is double morality still an issue?

The point is to promote a healthy drinking culture.



Anitra Steen
President

Organization

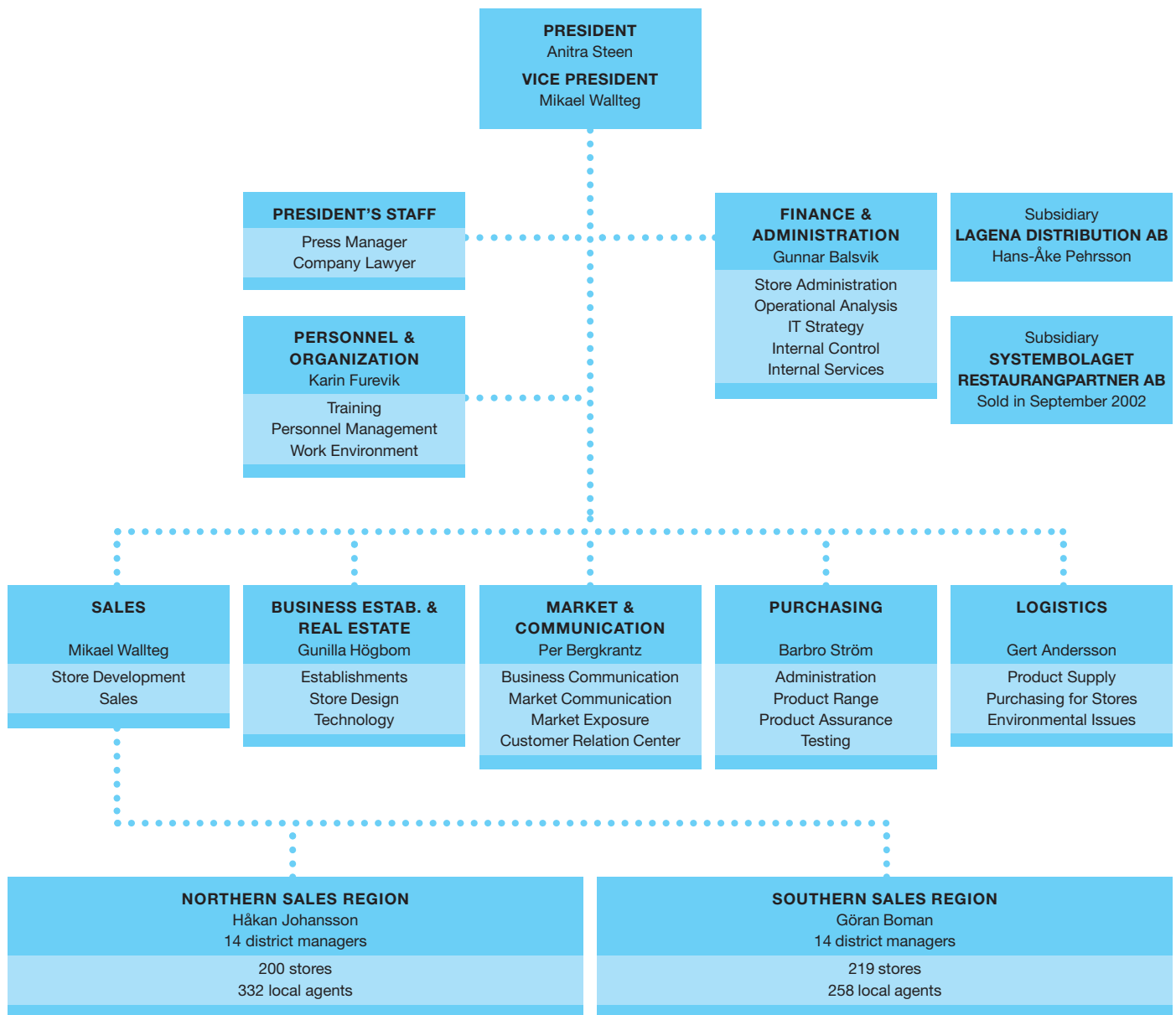




PHOTO: MAGNUS CARLSSON

Management

Top row (left to right):

Gert Andersson, Logistics Director, **Gunnar Balsvik**, Finance Manager, **Mikael Wallteg**, Vice President, **Per Bergkrantz**, Marketing Manager, and **Björn Rydberg**, Press Manager.

Bottom row (left to right):

Gunilla Högbom, Business Establishments and Real Estate Director, **Karin Furevik**, Personnel Director, **Anitra Steen**, President, and **Barbro Ström**, Purchasing Manager.

Administration report

The Board of Directors and the President of Systembolaget AB, corporate registration number 556059-9473, hereby present their annual report and consolidated financial statements for the financial year 1 January–31 December 2002.

Systembolaget AB is a State-owned limited liability company with 419 stores in 315 communities at year-end, and around 4,200 employees. It also had local agents in 590 communities, where customers can order products for later collection. Through a decision of the Swedish Parliament, the Company has a monopoly on the sale of spirits, wine and strong beer to the public in Sweden.

Systembolaget's mission is to become one of the leading specialist retail chains in Sweden. At the same time, Systembolaget is required to serve its function within government alcohol policy and to help minimize the adverse effects of alcohol.

Strategic focus of operations

A series of decisions in Parliament in recent years have changed the conditions under which Systembolaget operates. Since July 2001, all stores have been open on Saturdays. Credit and debit cards are accepted as a means of payment. New stores are being established and a phased conversion to self-service has begun on the basis of annual decisions by the Board. The stores are being reprofiled with a new colour and design scheme in response to wishes for a more welcoming and more open in-store environment.

Systembolaget is engaged in a wide-ranging programme of change. The objective is, within the framework of the Company's remit under government alcohol policy, to offer customers the highest possible standard of service to create stable, long-term public opinion support for the organization.

The following points summarize at an overall level the strategic criteria for the business and the programme of change:

- Our rules on selling must be respected, in such a way that alcohol may only be sold to:

Customers over the age of 20 years

Customers not noticeably under the influence of drink or other intoxicant

Customers who are not suspected of intending to supply it unlawfully to a third party

- Our product range must be broad and quality-tested and must also meet the demand from small groups of consumers.
- The whole of our product range must be available throughout the country.
- The product range stocked locally will vary according to location and demand.
- The contact with Systembolaget must be based on the same experience and values, wherever in the country the contact occurs.
- We will be brand- and supplier-neutral.
- We will not operate in a way to maximize profits and will not encourage extra purchasing.
- Our customers will enjoy a pleasant buying experience and at least as high a quality of service as in other parts of the retail sector.

The agreement with the State as to the conditions governing the retailing monopoly clearly defines Systembolaget's role as an instrument of alcohol policy. An owner's directive approved by the Company's annual general meeting imposes clear requirements on operations.

The directive states for example that profit maximization must not be an objective of the business and that improved productivity should show through in better service to customers and lower trading margins.

Operations relative to owner's directive

	2002	2001	2000
Return on equity (Group)	11%	11%	10%
Owner's directive	app. 8%	app. 9%	app. 9%
Trading margin, excl. excise duty	26.1%	26.7%	27.7%
Equity/assets ratio (Group)	30%	36%	31%
Owner's directive	30%	30%	30%
Dividend as % of Group's profit after tax	56%	60%	74%
Owner's directive, minimum	50%	50%	50%

Strategic plan for period up to 2005

The strategic plan has been reviewed to cover the next three years. The basis of the plan is that Systembolaget will serve as an instrument of alcohol policy to maintain and improve public health and will function within the framework of a retailing monopoly.

The objective is that customers, even against the background of the particular nature of the Company's duties, will perceive Systembolaget as a leading retail organization. By operating its business in a way that enjoys broad support among the population, Systembolaget creates the long-term conditions required to enable the Company's role in alcohol policy to be sustained.

The structure of the strategic plan is to consider operations from five different perspectives in order to fulfil Systembolaget's mission, its owner's directive and the agreement with the State. In each perspective a number of strategic key performance indicators have been established.

Public/social responsibility. The objective here is to operate in such a way that the Swedish people will support the retention of Systembolaget's retail monopoly. The retailing monopoly has an important role to play in the sale of alcohol, by minimizing private profit motives and competition, which increases alcohol consumption and the damaging effects of alcohol.

Owner's/financial requirements. The business must be profitable and must create the scope for the Company's development and renewal, and must generate a return on equity in line with the owner's requirements. Profitability is to be achieved through operating efficiency, without compromising customer demands for good service.

Market. Systembolaget is to be perceived as a leading retailing organization. In view of the demands on Systembolaget, both from its owner and from the market, it is becoming increasingly important for the Company to operate more com-

mercially. This involves an even higher degree of focus on the customer, and more keenly honed professionalism vis-à-vis suppliers and distributors. However, more commercialism does not imply that Systembolaget will actively endeavour to increase sales by marketing of alcoholic beverages.

Personnel. This perspective focuses on Systembolaget’s employees. Systembolaget shall be attractive place of work, and offer its employees good opportunities for development. Systembolaget’s survival depends the Company having efficient and committed personnel, and being able to attract, retain and develop motivated personnel.

Renewal. An internal perspective that aims for continuous improvement in the Company’s operations. The world in which Systembolaget operates is constantly changing. This applies both technological developments and requirements from the owner, customers, suppliers and other interested parties. To ensure that Systembolaget continues to develop in a favourable way, a constant process of renewal will be necessary in the business.

For every one of these perspectives, overriding goals have been set. To be able to measure achievement and progress in reaching these goals over the years, a number of key ratios have been defined for the Parent Company. During 2001, assessments were made to determine the baseline for each key ratio. Furthermore, the strategic plan sets a goal for each key ratio in the year 2004.



Summary of perspectives, key ratios and goals

For definitions of key ratios, see page 15.

Perspective	Operational key ratio	2001 baseline	Level in 2002	Goal 2004
Public/social responsibility	Opinion survey index	49%	50%	54%
	Minimum age for purchases	80%	79%	85%
Owner's/ financial requirements	Trading margin	27.1% *	26.1%	25.7%
Market	Customer Satisfaction Index (CSI)	71	73	76
Personnel	Personnel Satisfaction Index (PSI)	68 **	68	73
Renewal	Comparative studies	Change as in rest of retail sector		

* January-July 2001
** The baseline figure was established in 2002



These key ratios will be monitored and reported. The results will form the basis of the prioritizations to be adopted over the next few years. It may be interesting to note that CSI (Customer Satisfaction Index) surveys indicate that customers welcome the shift to self-service and particularly emphasize Systembolaget’s social responsibility as a value to be given prominence. Special campaigns will be conducted during 2003 to strengthen enforcement of the minimum for sales in the stores.

Operations in 2002

Systembolaget’s product range has expanded greatly since deregulation of Sweden’s importing monopoly in 1995, from around 3,000 articles annually to around 9,000. As a result of this expansion, an ever-smaller share of the total range has

been available in the stores. During 2002, a system of coordinated depot management of customers' in-store orders was established to assure prompt deliveries of the entire standard product range all over Sweden.

A pilot programme of wine tastings linked to the stores took place in 2002. Evaluation of the programme demonstrated its popularity with customers and acceptable profitability. It has been decided that the programme will continue.

Systembolaget's range of low-alcohol drinks, of up to 2.25 per cent alcohol by volume, was replaced by a new alcohol-free range with a maximum alcohol content of 0.5 per cent by volume. The range was quality assured and displayed more prominently in the stores to make it easier for customers to make an alcohol-free choice.

During the year, work on installing a new cash terminal system was completed. This very extensive project considerably burdened the organization in the form of the time and commitment involved. The cost of the programme, approximately MSEK 70, was charged to profit for the year. Systembolaget's central financial management system was also replaced during the year as part of the Company's gradual transition to an integrated business system.

A nationwide campaign was conducted to highlight more clearly Systembolaget's mission and role. Market communication was expanded via a new customer magazine (Bolaget) and a pamphlet (ABC about Alcohol), with topics including the dangers of alcohol.

Streamlining of the organization continued. The part of the business exposed to competition, sales to restaurants, was sold in 2002.

The phased conversion to self-service stores carried on. In 2002, 17 stores were converted to self-service, and at year-end Systembolaget had 127 self-service and 292 counter service stores. The volume of sales via self-service stores is around 51 per cent. In addition, three new stores opened in 2002, at Gränna, Strömstad and Södergatan in Malmö, all self-service.

Sales growth

Systembolaget sold 347.8 million litres of beverages in 2002. This was a rise of 9.5 per cent over sales in 2001 and Systembolaget's highest-ever sales, in volume. Measured by pure alcohol, sales were up by 8.3 per cent to 36.4 million litres, a level comparable with that of the late 1980s but considerably lower than at the end of the 1970s.

Sales for the Parent Company rose in 2002 as a result of this volume increase, to MSEK 18,809 (17,995), corresponding to 5.1 (4.8) per cent. The trading margin, excluding excise duty, fell to 26.1 (27.1) per cent.

The lower margin is largely attributable to two factors. One is higher sales in larger packaging formats (bag-in-box). The pricing structure applied by Systembolaget since 2000 sets a lower mark-up for large packaging formats, relative to their selling price. The second factor is that the pricing structure consists partly of a fixed mark-up in SEK and partly of a percentage markup based on the value of the product. The fixed portion of the markup has not been uprated for inflation, resulting in an indirect lowering of the trading margin.

Analysis of the growth in sales reveals a number of underlying factors. The primary reason for the increase is that households have in recent years acquired higher disposable incomes, while prices for beer and wine have in real terms fallen, partly owing to a reduction in excise duty on wine. The relative price considerably affects sales, a fact that is corroborated by alcohol research. Other factors include the phased shift to self-service and Saturday opening in all parts of Sweden.

Sales by Systembolaget account for slightly over half of estimated total consumption. During the year, this rose in pace with Systembolaget sales, indicating an unchanged market share for Systembolaget. Systembolaget has therefore met the competition from higher import allowances, partly by maintaining its high standards of service and a broad range of products.

Sales in all product categories increased, apart from spirits, where sales fell by 0.4 per cent. Wine accounted for the biggest rise, 9.9 per cent. Total sales ended the year at 136.5 million litres. The proportion of wine sold in the bag-in-box and other paperboard packaging formats increased to 50 (37) per cent.

Spain was again top nation for wine sales measured by volume, although it lost some market share to the next three countries, Italy, France and Chile, all of which saw sales rise.

Sales of red wine continue to increase, showing a rise of 12.2 per cent on the preceding year. Bag-in-box now accounts for 42 (29) per cent of red wine sales, but sales of red wine priced at more than SEK 80 per bottle also rose in 2002.

Spain still leads the field in red wine, with a market share of 29.6 (34.6) per cent. Sales of Italian wine also rose, by 47.7 per cent, above all in the bag-in-box format. Italy now has a market share of 26.0 per cent.

France increased its market share to 15.4 per cent and Chile to 11.6 per cent. The losers were the USA, Bulgaria and Portugal, which were not competitive in the relatively new bag-in-box sector.

Sales of white wine rose by 8.4 per cent. Just as for red wine, bag-in-box accounted for the biggest increase, with a market share of 38 (25) per cent. Germany continues to lose ground, in volume terms, -6.7 per cent, but remains the leading white wine supplier with 17.0 per cent of sales.

Italy now also ranks second in white wine, with a share of 16.1 per cent. Sales were up 11.6 per cent and much suggests that Italy will soon become market leader in white wine. Spain takes third place with 13.6 per cent of sales, followed by France with 12.4 per cent and Hungary with 11.8 per cent.

Total sales of spirits remained more or less unchanged from 2001, while sales of vodka fell by 3.0 per cent. The types of spirit showing the most gains were cognac, malt whisky and calvados. Sales of fruit- and berry-flavoured liqueurs, as well as the cream- and egg-based varieties, also continued to rise.

Sales of strong beer were up by 9.3 per cent to 170.5 million litres. Swedish brands accounted for 83 per cent. The dominant seller was Swedish pale lager in cans (excluding extra strong), with a market share of 43 per cent. Sales of canned beer continue to increase, and now account for 77 per cent of the market.

Sales of cider were up by 21.1 per cent, while mixed drinks increased by 158.2 per cent. Sales of alcohol-free beverages also rose, by 11.1 per cent.

Once a year, a product range strategy is developed for the year ahead. This strategy includes the composition of the range and the number of new products to be launched. In connection with the strategy, a product launch plan is established for purchasing in the succeeding period and distributed to all suppliers. The suppliers concerned are then sent monthly invitations to provide quotations.

Systembolaget's purchasing personnel then examine the quotations and request product samples for the quotations that are not rejected. The samples are tested blind by experienced tasters, who pick the best ones – the products that will be purchased.

In 2002, 942 new articles were launched. These included 472 red and 203 white wines, together with 90 brands of beer. Other new products included a number of

sparkling wines, ciders, reinforced wines, spirits and alcohol-free products.

Systembolaget has been operating a product management system since 2001. The idea is to guarantee the quality and availability of products, but also to introduce more product clarity and rationality. All stores now offer a standard basic range, of around 400 articles, plus a range that reflects overall customer demand. An evaluation of the system indicates no loss of customer satisfaction, and a high level of internal and external acceptance.

Profit growth

The Owner's Directive sets a requirement of around 8 per cent for return on equity after tax. In 2002, Systembolaget recorded a return of 10.8 (11.0) per cent, exceeding the owner's requirement for return on capital. The Group's profit after financial items was more or less unchanged at MSEK 202 (197).

During 2002, the Group's income and expenses increased. Sales expressed in Swedish kronor rose by 4.9 per cent to MSEK 19.1 (18.2) thousand. The Group's expenses at an overall level increased by 4.9 per cent.

Parent Company operations were streamlined in 2002 to concentrate solely on the retailing monopoly, and so expenses for the Parent Company are not fully comparable, year-on-year. The profit of the real estate company for 2002 is included in the Parent Company's profit after financial items, as dividend.

The main factors behind the higher cost of sales were the rising volume of sales, which increases the need for personnel in the stores, and the substantial resources required for the transition to a modern in-store IT system.

Systembolaget Fastigheter AB

Real estate operations showed a profit of MSEK (97) 103 after financial items. The total includes a net contribution of MSEK 16 million from real estate sales. Over the year, four properties were sold. A total of 122 properties are under management, with a total floor area of 201,000 square metres. Around 3 per cent of properties are unoccupied. All properties are related to Systembolaget's operations. The business, which is conducted via limited partnerships, generated a profit of MSEK 34 (54.4).

Lagena Distribution AB

During the year, Lagena improved its profit after financial items, from MSEK 16 to MSEK 21. The new high-stacking facility that entered service in December 2000 is for all practical purposes already operating at full capacity and the business once has again run into certain capacity problems because of strong customer demand for storage space.

Profitability improved via increased efficiency and higher quality in operations. Sales rose to MSEK 241 (215). Transport volumes increased in 2002, by more than generally in the market, and so the company's market share increased during the year.

Investments

In 2002 Group investments in tangible fixed assets totalled MSEK 225 (284). Converted and new stores accounted for MSEK 88. In the year, 23 converted and new stores were completed.

Work on installing an integrated business system started during 2002. The project as a whole is classified as an investment. The overall investment in the IT sector was MSEK 78.

Personnel

The Parent Company reorganized its sales organization at the end of 2001. The five regional headquarters were closed and replaced by 28 districts, with a manager for 10-17 stores in each. In 2002, a great deal of work was focused on establishing new working practices and roles within the framework of the new organization.

Substantial resources are invested annually in the personnel's product knowledge to enable them to meet customers' needs for product information. Special training initiatives are carried out on a continuous basis during the conversion of a store to self-service in order to meet the requirements for changes in the way customers are received and for new working procedures. The need for enhancement of skills and knowledge, for changes in the work environment etc. are followed up via a large-scale "Personnel Satisfaction Survey".

Further information on various personnel issues, and on wages, salaries and other remuneration is provided in Note 3 to the Financial Statements.

Sickness absence

For many years, Systembolaget has been pursuing an active work environment policy to prevent ill health. This policy includes early planning for effective rehabilitation measures for personnel.

In 2002, Systembolaget won an award, within an EU project, as a good example of a public sector work place that actively promotes the health of its personnel.

The total absence due to sickness, as a percentage of standard working hours, was 4.8 per cent during 2002.

Sickness absence, by gender and age category

	Less than 30 years of age	30 – 49 years	More than 49 years	Total
Women	2.2%	4.2%	10.5%	6.1%
Men	0.7%	1.5%	6.0%	2.5%
Total	1.6%	3.3%	9.2%	4.8%

Sickness absence of more than 60 days or more averages 3.3 per cent of standard working hours

	Less than 30 years of age	30 – 49 years	More than 49 years	Total
Women	0.9%	2.7%	7.8%	4.2%
Men	0.1%	0.7%	4.6%	1.6%
Total	0.5%	2.0%	6.9%	3.3%

Equality of opportunity

As the basis of its work in equality of opportunity at the Company, Systembolaget has adopted an equal opportunity policy and a plan to promote equal opportunity. This is based on an assumption that all people are of equal value. The objective is to clearly define the Company's goals and the shared responsibility for achieving equality of opportunity between the genders, as well as greater ethnic diversity.

This focus on equal opportunity and ethnic diversity has produced results. There is an even balance between women and men on the Board and in management. The proportion of women managers at head office has risen pro-gres-

sively in recent years. As store managers are replaced, the Company’s aim is that long-term recruitment should lead to gender balance. Another objective is to increase the proportion of personnel from different ethnic backgrounds. The biggest gender imbalance is among part-time store employees, where a large majority are women.

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Analysis of gender balance, store personnel, 31 December 2002

	Employees, total	Sales personnel, full-time	Sales personnel, part-time	Store managers	Ass. Store Managers
Women	70%	59%	78%	36%	43%
Men	30%	41%	22%	64%	57%

.....

Analysis of gender balance, headquarters, 31 December 2002

	Employees	Managers
Women	57%	33%
Men	43%	67%

.....

Environmental issues

During the year, Systembolaget formulated and adopted a new environmental policy. The environmental programmes developed highlight three areas of focus: transport, construction materials and organic products. Action plans were drawn up for each area and measures were taken to enable the Company to progress towards the environmental goals established.

Notable among the measures taken were more clearer catalogue and in-store profiling for organic products, and an analysis of the possibility of coordinating transport by the various distributors to the stores.

The work of reducing the environment impact of transport to the stores is complicated by the fact that Systembolaget is under an obligation to pay for goods free to the store, limiting its ability to influence and coordinate the transport flow.

Since 1995, Systembolaget has been engaged in a variety of programmes to lessen environmental impact. Initiatives have been taken to cut back on energy consumption, for example via efficient control and operational monitoring in buildings and other premises. Refrigeration facilities have been modified to eliminate CFCs totally and priority is being given to conversion to district-based cooling.

To create a more effective system for handling returns, agreements are being set up among nearby stores to enable us together to offer customers an efficient system for taking in returnable packaging. A decision has been taken to phase out plastic rings holding multi-packs of beer together.

Increased support for alcohol research

The Systembolaget Alcohol Research Council approved awards totaling MSEK 3, allocated to 25 separate research projects. This was an increase of MSEK 1 over the sum for previous years. Projects span a variety of alcohol research topics, from medical to sociological.

Research with particular relevance to the area of prevention is being prioritized. The Council, which operates autonomously from Systembolaget, includes representatives of the community at large and the alcohol research sector.

Internal controls

Systembolaget is required to operate in a competitively neutral way vis-à-vis all beverage suppliers. Transparency and equal treatment are important aspects of purchasing and selling activities. It is also fundamental to our ability to maintain the retailing monopoly. During analysis of sales statistics, a number of discrepancies emerged at year-end 2002 with regard to certain products and suppliers.

An internal inquiry was set up and found that there had probably been inappropriate contacts between certain suppliers and a number of store managers. Five store managers and three suppliers were reported to the police for suspected involvement in bribery. In addition, a number of shop managers were removed from their posts as a result of infringements of the Company's internal policy on contacts with suppliers and influence over the product range.

The Board of Directors

Systembolaget's Board of Directors comprises eight permanent members with five deputies, together with two permanent employee representatives with two deputies.

In 2002, the Board held six meetings, including one residential meeting to consider the strategic plan. Both financial developments and a number of key ratios relating to operations are followed up on a quarterly basis. Systembolaget's activities in various fields are governed by a number of policy documents adopted by the Board. These documents are revised at regular intervals. The Board has approved directions for the Board and President. Other matters considered by the Board included decisions on conversion, establishment of new stores and a review of the pension conditions for management personnel

Future outlook

In its forecasts for 2003, Systembolaget has anticipated a marginal growth in sales. This assumption is based on expectations that household disposable incomes will rise somewhat, but that no further adjustment will be made to taxes on alcohol during the year, and so continued harmonization of the rules on personal imports will have an adverse impact on sales. Overall, it is anticipated that the business is capable of meeting our owner's requirement for return on equity.

The strategic plan sets out a number of required changes over the next few years. The key performance indicators stated in the plan mean that all parts of the business must improve vis-à-vis customer wishes and the demand for increased efficiency. Continued conversion to self-service stores is a precondition for success in achieving these goals.

The product range must reflect customer demands, and we must be able to adapt it to new trends and price movements. At the same time, there are constraints that mean that not all customer demands can be met right away in the store. Routines for ordering and delivery must gradually be improved if we are to be able to offer acceptable service to all our customers throughout the country.

At the same time as improving our service, we must develop and communicate the message of our social responsibilities. Activities to underpin the enforcement of the minimum age for purchases will be prioritized.

Proposed allocation of unappropriated profits

The Group's non-restricted profits total SEK 651,263,497. No transfer to restricted reserves is proposed.

The non-restricted equity of the Parent Company is made up of:

- Non-restricted reserves SEK 459,696,766
 - Net profit for the year SEK 124,778,591
- SEK 584,475,357**

The Board of Directors and the President propose that the unappropriated profits be allocated as follows:

- To be carried forward SEK 504,475,357
 - To be paid as dividend SEK 80,000,000
- SEK 584,475,357**

Group – five years in brief

Key ratios

	2002	2001	2000	1999	1998
Return on equity	10.8%	11.0%	10.1%	28.7%	24.2%
Equity/assets ratio*	30.0%	35.5%	30.7%	33.7%	32.9%
Trading margin, including taxes on alcohol, Parent Company	13.7%	13.2%	13.4%	12.9%	12.6%
Trading margin, excluding taxes on alcohol, Parent Company	26.1%	26.7%	27.7%	27.1%	27.5%
Working productivity, Parent Company	669	659	619	644	604
Rate of stock turnover, Parent Company	24.6	27.6	26.8	26.9	24.2
Wastage (per mille), Parent Company	1.16	0.68	0.33	0.34	0.35
Checking for under-age purchasing, Parent Company	79%	81%	81%	80%	79%

* The Equity/assets ratio varies sharply as a result of the variation in the flows of payments around the turn of the year.

Income statement (MSEK)

	2002	2001	2000	1999	1998
Net sales	19,132	18,241	17,368	16,625	15,495
Operating expenses	-18,967	-18,082	-17,204	-16,175	-15,152
Net financial items	37	38	32	19	8
Profit after financial items	202	197	196	470	351
Net profit for the year	142	133	108	338	354

Balance sheet (MSEK)

	2002	2001	2000	1999	1998
Fixed assets	1,351	1,360	1,270	1,210	1,179
Current assets	3,354	2,435	2,944	2,932	2,409
Total assets	4,705	3,795	4,214	4,142	3,588
Adjusted equity	1,409	1,348	1,294	1,395	1,179
Allocations	269	257	970	783	739
Liabilities	3,027	2,190	1,950	1,964	1,670
Total equity and liabilities	4,705	3,795	4,214	4,142	3,588

Definitions:

Return on equity. Profit after tax at a standard rate, as a percentage of adjusted equity at 1 January.

Equity/assets ratio. Adjusted equity, as a percentage of the balance sheet total.

Trading margin. The cost of goods sold, as a percentage of total sales.

Working productivity. The number of work units (items of packaging after weighting per product category) handled per working day (8 hours).

Rate of stock turnover. Stock turnover divided by the average stock value.

Wastage. Wastage, as established during stocktaking, per mille of total sales, including both products and cash.

Checking for under-age purchasing. The number of occasions on which identification was requested from customers of less than 25 years of age, as a percentage of purchase checks performed with customers aged 20-25 years. The checks are carried out by external operators.

Opinion survey index. The percentage among the Swedish population who are in favour of retaining Systembolaget and the retail monopoly.

Customer Satisfaction Index (CSI). The index that measures overall customer satisfaction (on a scale from 1 to 100). The survey is conducted by an external partner.

Personnel Satisfaction Index (PSI). The index that measures overall personnel satisfaction and motivation (on a scale from 1 to 100). The survey is conducted by an external partner.

Income statement, MSEK

		Group		Parent company	
	Note	31-12-02	31-12-01	31-12-02	31-12-01
Net sales	1	19,132.0	18,240.8	18,808.8	17,995.5
Costs of goods sold	2	<u>-16,507.2</u>	<u>-15,827.2</u>	<u>-16,256.7</u>	<u>-15,641.7</u>
Gross profit		2,624.8	2,413.6	2,552.1	2,353.8
Selling expenses	3, 4	-2,203.8	-2,035.2	-2,293.1	-2,127.8
Administrative expenses	3, 4	-274.1	-216.6	-271.4	-217.8
Real estate management	5	15.5	-2.8	35.1	2.5
Result from sale of participations in Group companies		<u>2.8</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating profit		165.2	159.0	22.7	10.7
Result from financial investments					
Result from participations in Group companies	6	-	-	92.4	103.0
Result from other securities and receivables accounted for as fixed assets	7	1.0	1.1	0.9	1.0
Other interest income	8	41.6	44.5	72.5	77.8
Interest expense	9	<u>-5.6</u>	<u>-7.6</u>	<u>-6.2</u>	<u>-7.1</u>
Profit after financial items		202.2	197.0	182.3	185.4
Appropriations	10	<u>—</u>	<u>—</u>	<u>-6.5</u>	<u>-26.9</u>
Pre-tax profit		202.2	197.0	175.8	158.5
Tax	11	<u>-60.6</u>	<u>-63.8</u>	<u>-51.0</u>	<u>-51.8</u>
Net profit for the year		141.6	133.2	124.8	106.7

Balance sheet, MSEK

	Note	Group		Parent company	
		31-12-02	31-12-01	31-12-02	31-12-01
Assets					
Fixed assets					
Intangible assets					
Capitalized expenses, business systems	12	49.7	16.7	47.1	16.7
Tangible assets					
Buildings and land	13	675.1	702.3	14.6	18.1
Equipment, fixtures and fittings	14	<u>518.7</u>	<u>537.5</u>	<u>479.6</u>	<u>483.1</u>
Total tangible assets		1,193.8	1,239.8	494.2	501.2
Financial assets					
Participations in Group companies	15	-	-	15.1	25.1
Receivables from Group companies		-	-	535.2	552.1
Other securities accounted for as fixed assets	16	0.0	0.0	-	-
Deferred income taxes recoverable	17	88.0	88.6	32.0	30.5
Other long-term receivables	18	<u>19.9</u>	<u>15.1</u>	<u>19.2</u>	<u>14.1</u>
Total financial assets		<u>107.9</u>	<u>103.7</u>	<u>601.5</u>	<u>621.8</u>
Total fixed assets		1,351.4	1,360.2	1,142.8	1,139.7
Current assets					
Inventories		848.9	545.4	848.5	539.2
Current receivables					
Accounts receivable, trade		40.0	69.6	14.1	21.2
Accounts receivable, Group companies		-	-	97.2	110.2
Income taxes recoverable		58.3	87.5	52.2	80.8
Other receivables		23.3	28.7	18.6	25.0
Prepaid expenses and accrued income	19	<u>39.2</u>	<u>111.4</u>	<u>37.3</u>	<u>102.0</u>
Total current receivables		160.8	297.2	219.4	339.2
Investments		477.6	785.4	477.6	785.4
Cash and bank		<u>1,866.7</u>	<u>806.6</u>	<u>1,862.6</u>	<u>806.0</u>
Total current assets		3,354.0	2,434.6	3,408.1	2,469.8
Total assets		4,705.4	3,794.8	4,550.9	3,609.5

Balance sheet, MSEK

		Group		Parent company	
	Note	31-12-02	31-12-01	31-12-02	31-12-01
Equity and liabilities					
Equity	20				
Restricted equity					
Share capital (360,000 shares, each with a par value of SEK 1,000)		360.0	360.0	360.0	360.0
Restricted reserves		<u>398.2</u>	<u>387.2</u>	<u>72.0</u>	<u>72.0</u>
Total restricted equity		758.2	747.2	432.0	432.0
Non-restricted equity					
Non-restricted reserves		509.6	467.2	459.7	433.0
Net profit for the year		<u>141.6</u>	<u>133.2</u>	<u>124.8</u>	<u>106.7</u>
Total non-restricted equity		<u>651.2</u>	<u>600.4</u>	<u>584.5</u>	<u>539.7</u>
Total equity		1,409.4	1,347.6	1,016.5	971.7
Untaxed reserves					
Tax allocation reserves	21	-	-	429.1	422.6
Provisions					
Provision for pensions	22	11.3	11.2	-	-
Other provisions	23	<u>257.8</u>	<u>246.1</u>	<u>104.0</u>	<u>95.8</u>
Total provisions		269.1	257.3	104.0	95.8
Long-term liabilities					
Liabilities to Group companies		-	-	35.0	19.3
Other liabilities	24	<u>1.5</u>	<u>1.5</u>	<u>-</u>	<u>-</u>
Total long-term liabilities		1.5	1.5	35.0	19.3
Current liabilities					
Accounts payable, trade		2,579.5	1,734.2	2,542.6	1,692.1
Accounts payable to Group companies		-	-	1.7	1.7
Other liabilities		223.5	271.2	219.3	247.0
Accrued expenses and deferred income	25	<u>222.4</u>	<u>183.0</u>	<u>202.7</u>	<u>159.3</u>
Total current liabilities		3,025.4	2,188.4	2,966.3	2,100.1
Total equity and liabilities		4,705.4	3,794.8	4,550.9	3,609.5
Memorandum items					
Pledged assets and contingent liabilities					
Pledged assets		-	-	-	-
Contingent liabilities	26	10.6	19.3	21.0	30.1

Statement of changes in financial position, MSEK

	Group		Parent company	
	31-12-02	31-12-01	31-12-02	31-12-01
Ordinary operations				
Profit after financial items	202.2	197.0	182.3	185.4
Adjustments for non cash-flow items	<u>198.5</u>	<u>184.7</u>	<u>183.7</u>	<u>146.0</u>
Tax paid	400.7	381.7	366.0	331.4
	<u>-31.4</u>	<u>-146.9</u>	<u>-22.4</u>	<u>-127.5</u>
Cash flow from ordinary operations before changes in working capital	369.3	234.8	343.6	203.9
Cash flow from changes in working capital				
Change in inventories	-303.5	46.3	-309.3	51.5
Change in receivables	469.8	-310.3	488.2	-248.0
Change in liabilities	<u>972.5</u>	<u>239.9</u>	<u>1017.4</u>	<u>218.3</u>
Cash flow from ordinary operations	1,508.1	210.7	1,539.9	225.7
Investment operations				
Acquisition of fixed assets	-224.9	-278.2	-230.0	-283.0
Sale of subsidiary	2.8	-	-10.3	-
Sale of fixed assets	<u>48.6</u>	<u>11.3</u>	<u>31.5</u>	<u>0.5</u>
Cash flow from investment operations	-173.5	-266.9	-208.8	-282.5
Financial operations				
Dividend	-80.0	-80.0	-80.0	-80.0
Transfer to pension fund	<u>-135.5</u>	<u>-722.1</u>	<u>-135.5</u>	<u>-722.1</u>
Cash flow from financial operations	-215.5	-802.1	-215.5	-802.1
Cash flow for the year	1 119.1	-858.3	1 115.6	-858.9
Liquid assets at 1 January	<u>1 005.2</u>	<u>1 863.5</u>	<u>1 004.6</u>	<u>1 863.5</u>
Liquid assets at 31 December	2,124.3	1,005.2	2,120.2	1,004.6
Supplementary information				
Adjustments for non cash-flow items				
Depreciation and write-downs	238.1	186.6	207.0	144.9
Provisions	11.8	9.4	8.2	1.6
Capital gain/loss	<u>-51.4</u>	<u>-11.3</u>	<u>-31.5</u>	<u>-0.5</u>
	198.5	184.7	183.7	146.0
Specification of interest paid				
Interest received	42.6	44.5	73.4	77.8
Interest paid	5.6	7.6	6.2	7.1
Liquid assets				
Cash and bank	1 866.7	806.6	1 862.6	806.0
Investments	<u>257.6</u>	<u>198.6</u>	<u>257.6</u>	<u>198.6</u>
Amount at 31 December	2,124.3	1,005.2	2,120.2	1,004.6

Short-term investments as shown on the Balance Sheet at year-end totalled MSEK 477.6 (785.4), of which MSEK 257.6 (198.6) comprised financial instruments with a term of up to a year.

The purchase price received on the sale of the Group's subsidiary totalled MSEK 10.3 in liquid assets. Accounts receivable, trade totalled MSEK 21.6 and accounts payable trade totalled MSEK 13.2.

Notes to the financial statements, with summary of significant accounting policies

Unless otherwise indicated, figures are stated in MSEK (millions of Swedish kronor). Amounts in parentheses refer to the preceding year.

General accounting policies

The Group follows the recommendations of the Swedish Financial Accounting Standards Council.

Consolidated financial statements

The Group comprises the Parent Company, Systembolaget AB, and the wholly owned subsidiaries Lagena Distribution AB and Systembolaget Fastigheter AB.

The consolidated financial statements have been drawn up in accordance with the purchase method and conform to Recommendation No. 1:00 of the Swedish Financial Accounting Standards Council concerning consolidated financial accounting. In preparing the consolidated balance sheet, untaxed reserves have been divided into one portion, entered as a deferred tax liability under the heading of Provisions, and the remaining portion, entered as restricted equity, i.e. non-distributable reserves.

In this way, appropriations that involve dissolution of or allocations to untaxed reserves are omitted from the consolidated income statement. The tax portion of these changes is included with the tax liability for the year in the income statement. Deferred tax is calculated at a rate of 28 per cent.

Principles of valuation

Assets, provisions and liabilities are valued at acquisition value, unless otherwise indicated below.

Inventories. Inventories are valued at acquisition value. In the case of the Parent Company, the acquisition value includes alcohol taxes on spirits, wine and strong beer. The provision for obsolescence applied is 3 per cent.

Receivables. Receivables are valued in the amounts in which they are expected to be received, taking into account the circumstances in each particular case.

Principles of depreciation for fixed assets. Buildings are depreciated annually at 2-4 per cent, based on standard practice for straight-line depreciation.

Plant and machinery are depreciated over 3-5 years. Conversions and fixtures in stores are depreciated over 7 years. Expenses relating to improvements in real estate not owned by the Group are amortized over the duration of the lease period planned, normally assumed to be 20 years.

Note 1 Net sales

	2002	2001
Sales, Parent Company		
Spirits	7,707.7	7,679.8
Wine	10,201.4	9,827.3
Cider	556.2	461.2
Strong beer	4,843.2	4,388.7
Mixed drinks	70.8	21.3
Miscellaneous	<u>129.4</u>	<u>114.4</u>
	23,508.7	22,492.7
Value added tax	<u>-4,699.9</u>	<u>-4,497.2</u>
Net sales, Parent Company	18,808.8	17,995.5
Net sales, subsidiary	409.6	286.8
Taxes on alcohol, subsidiary	<u>-86.4</u>	<u>-41.5</u>
Net sales, Group	19,132.0	18,240.8

Intra-Group purchases and sales: Purchases MSEK 14.2 (10.0), sales MSEK 8.9 (9.2).

Note 2 Cost of goods sold, Parent Company

The cost of goods sold in the Parent Company includes taxes on alcohol. Under current legislation, the Parent Company purchases goods inclusive of taxes on alcohol.

Note 3 Employees and Personnel Costs

Average number of full-time employees	2002	2001
	<i>Of whom, women</i>	<i>Of whom, women</i>
Parent Company	2,857 64%	3,229 65%
Subsidiaries	<u>146</u> 23%	<u>174</u> 22%
Group, total	3,003 62%	3,403 63%

Wages, salaries, other remuneration and social security costs	2002	2001
	<i>Wages, salaries other remuneration</i>	<i>Wages, salaries other remuneration</i>
	<i>Social security costs</i>	<i>Social security costs</i>
Parent Company	825.5 452.0	765.2 442.5
(Of which, pension costs)	(153.9) ¹	(182.8) ¹
Subsidiaries	39.2 17.5	40.2 14.4
(Of which, pension costs)	<u>(4.4)</u>	<u>(0.1)</u>
Group, total	864.7 469.5	805.4 456.9
(Of which, pension costs)	(158.3) ²	(182.9) ²

¹ Of the Parent Company's pension costs, the amount of MSEK 1.9 (2.6) pertains to the Board of Directors, President and Deputy President. The Company's pension commitments outstanding to these persons amounts to MSEK 12.5 (26.0).

² Of the Group's pension costs, the amount of MSEK 3.4 (2.6) pertains to the Board of Directors, President and Deputy President. The Group's pension commitments outstanding to these persons amounts to MSEK 18.4 (31.8).

Wages, salaries and other remuneration, by directors etc. and other employees

	2002	2001
	<i>Board and President</i>	<i>Board and President</i>
	<i>Other employees</i>	<i>Other employees</i>
Parent Company	3.8 823.1	3.2 762.0
Subsidiaries	1.0 38.2	1.2 39.0
Group, total	4.8 861.3	4.4 801.0

During 2002, Systembolaget's President received a salary of SEK 1,733,000 and the use of a car, together with other benefits valued at SEK 72,000. The Chairman of the Board received a fee of SEK 115,000.

Systembolaget's President is entitled to a pension from the age of 60 years. The pension payable is 70 per cent of salary according to the 2001 pay settlement. As of 2002, a premium-based pension agreement is being introduced as regards future salary increases for the President. This pension agreement will reduce Systembolaget's future pension costs and provides the President with a pension premium equal to 25% of that person's annual salary increase.

Systembolaget's Vice-President and divisional managers are entitled to a pension from the age of 60 years. The pension payable is 70 per cent of salary and will be paid up to and including the month before the employee reaches the age of 65 years. From the age of 65 years, the pension payable is determined in accordance with Systembolaget's collectively agreed pension plan.

In the event of dismissal by Systembolaget, the President, Vice President and divisional managers are entitled to severance pay equalling no more than two years' full salary, subject to the deduction of any other earned income during this period.

Fees to auditors

Fees for auditing services rendered to the Parent Company totalled SEK 1,676,500 (645,000) to SET Revisionsbyrå AB, and SEK 127,300 (59,000) to the Swedish National Audit Bureau. SET Revisionsbyrå AB was paid MSEK 539,000 (228,700) for extra accounting services. Fees totalling SEK 2,026,800 (815,000) were paid to SET Revisionsbyrå AB for auditing services on behalf of the Group.

Note 4 Depreciation of tangible fixed assets

Straight-line depreciation, by organizational function	Group		Parent company	
	2002	2001	2002	2001
Selling expenses	185.9	143.8	181.3	138.6
Administrative expenses	15.3	5.6	14.5	4.4
Real estate management	<u>36.9</u>	<u>37.2</u>	<u>1.3</u>	<u>1.9</u>
	238.1	186.6	197.1	144.9

Note 5 Real estate management

Income	Group		Parent company	
	2002	2001	2002	2001
Rental income	71.1	91.1	9.1	13.5
Capital gain	<u>48.6</u>	<u>11.3</u>	<u>31.2</u>	<u>0.5</u>
	119.7	102.4	40.3	14.0
Costs				
Operating costs	58.1	59.3	3.5	9.2
Real estate tax	9.2	8.7	0.4	0.4
Straight-line depreciation	<u>36.9</u>	<u>37.2</u>	<u>1.3</u>	<u>1.9</u>
	<u>-104.2</u>	<u>-105.2</u>	<u>-5.2</u>	<u>-11.5</u>
	15.5	-2.8	35.1	2.5

Market-level rents charged to selling and administration costs for the Parent Company, but eliminated in the consolidated accounts, amount to MSEK 135.3 (136.3).

Note 6 Result from participations in Group companies

Dividend was received from Systembolaget Fastigheter AB in the amount of MSEK 97 (103) and from Lagena Distribution AB in the amount of MSEK 5. In connection with the sale of shares in Systembolaget Restaurangpartner AB, which produced a capital gain of MSEK 0.3, a writedown of MSEK 9.9 was applied to shareholder's contributions.

Note 7 Result from other securities and receivables accounted for as fixed assets, Parent Company

Other interest income	Group		Parent company	
	2002	2001	2002	2001
	1.0	1.1	0.9	1.0

Note 8 *Interest income*

	Group		Parent company	
	2002	2001	2002	2001
Interest income, Group companies	-	-	31.3	33.8
Interest income, other	<u>41.6</u>	<u>44.5</u>	<u>41.2</u>	<u>44.1</u>
	41.6	44.5	72.5	77.9

Note 9 *Interest expenses*

	Group		Parent company	
	2002	2001	2002	2001
Interest on pension liability	-	5.6	-	5.2
Interest expenses, Group companies	-	-	0.8	-
Other interest expenses	<u>5.6</u>	<u>2.0</u>	<u>5.4</u>	<u>1.9</u>
	5.6	7.6	6.2	7.1

Note 10 *Appropriations, Parent Company*

	2002	2001
Change in tax allocation reserve	-6.5	-26.9

Note 11 *Tax*

The difference between the current tax charge and the tax charge based on the current tax rate of 28 per cent is produced as follows:

	Group		Parent company	
	2002	2001	2002	2001
Current tax charge	55.9	57.7	52.5	55.0
Deferred tax revenue arising from temporary difference	-2.3	-4.0	-2.3	-3.2
Cancellation of deferred income tax recoverable	2.9	-	0.8	-
Deferred tax on appropriations	<u>4.1</u>	<u>10.1</u>	<u>-</u>	<u>-</u>
Reported tax charge	60.6	63.8	51.0	51.8

Note 12 *Capitalized expenses, business systems*

	Group		Parent company	
	2002	2001	2002	2001
Acquisition value brought forward	16.7	-	16.7	-
New acquisitions	33.0	16.7	30.4	16.7
Sales	-	-	-	-
Reclassifications	<u>1.4</u>	<u>-</u>	<u>1.4</u>	<u>-</u>
Accumulated acquisition values carried forward	51.1	16.7	48.5	16.7
Straight-line depreciation brought forward	-	-	-	-
Sales	-	-	-	-
Reclassifications	-1.1	-	-1.1	-
Straight-line depreciation for the year	<u>-0.3</u>	<u>-</u>	<u>-0.3</u>	<u>-</u>
Accumulated straight-line depreciation carried forward	<u>-1.4</u>	<u>-</u>	<u>-1.4</u>	<u>-</u>
Straight-line residual value carried forward	49.7	16.7	47.1	16.7

The capitalized expenses refer to the implementation of a new business system that is expected to be placed in service in 2003.

Note 13 Buildings and land

	Group		Parent company	
	2002	2001	2002	2001
Acquisition values brought forward	1,353.5	1,372.5	64.8	64.0
New acquisitions	23.1	8.7	2.0	0.8
Sales	<u>-36.6</u>	<u>-27.7</u>	<u>-23.2</u>	<u>-</u>
Accumulated acquisition values carried forward	1,340.0	1,353.5	43.6	64.8
Straight-line depreciation brought forward	-651.2	-627.9	-46.7	-44.7
Sales	20.1	11.7	19.0	-
Straight-line depreciation for the year	<u>-33.8</u>	<u>-35.0</u>	<u>-1.3</u>	<u>-1.9</u>
Accumulated straight-line depreciation carried forward	-664.9	-651.2	-29.0	-46.6
Straight-line residual value carried forward	675.1	702.3	14.6	18.2
Tax assessment values, real estate	966.5	946.8	49.4	57.4
Of which, buildings	729.7	733.1	36.5	44.3

Note 14 Equipment, fixtures and fittings

	Group		Parent company	
	2002	2001	2002	2001
Acquisition values brought forward	1,135.6	941.8	977.4	800.0
New acquisitions	202.3	275.5	199.2	263.2
Sale and retirement of assets	-120.7	-81.7	-98.1	-85.8
Reclassifications	<u>-1.4</u>	<u>-</u>	<u>-1.4</u>	<u>-</u>
Accumulated acquisition values carried forward	1,215.8	1,135.6	1,077.1	977.4
Depreciation brought forward	-598.1	-521.5	-494.3	-429.5
Sale and retirement of assets	103.9	75.0	91.2	78.2
Reclassifications	1.1	-	1.1	-
Straight-line depreciation for the year	<u>-204.0</u>	<u>-151.6</u>	<u>-195.5</u>	<u>-143.0</u>
Accumulated depreciation carried forward	-697.1	-598.1	-597.5	-494.3
Straight-line residual value carried forward	518.7	537.5	479.6	483.1

Note 15 Participations in Group companies

	2002	2001
Acquisition value brought forward	25.1	15.1
Acquisition(s) during the year	-	10.0
Disposals	<u>-10.0</u>	<u>-</u>
Accumulated acquisition value carried forward	15.1	25.1

Specification of shares in subsidiaries	Number of participations	Percentage holding	Book value
Lagena Distribution AB, Corp. reg. no. 556501-3496, Haninge, Greater Stockholm	150	100	15.0
Systembolaget Fastigheter AB, Corp. reg. no. 556601-5615, Stockholm	100	100	0.1
Systembolaget Restaurangpartner AB, Corp. reg. no. 556610-6281, Stockholm	-	-	-

The Parent Company has contributed a capital investment of SEK 1,000 in the following limited partnerships:

Fastighetsbolaget Näckströmmsgatan i Stockholm KB, 969674-9690, Stockholm
Fastighetsbolaget Kungsträdgårdsgatan I Stockholm KB, 969674-9416, Stockholm
Fastighetsbolaget Armaturvägen i Haninge KB, 969674-9424, Stockholm
Bonden 11 KB, 969675-1511, Stockholm
Buntmakaren 10 i Motala KB, 969675-3442, Stockholm
Alhambra 3 KB, 969675-1487, Stockholm

Tärnan 25 KB, 969675-1529, Stockholm
 Gävle 10 KB, 969675-1479, Stockholm
 Fastighetsbolaget Reval 5 KB, 959675-2691, Stockholm
 Fastighetsbolaget Thor 15 KB, 969675-3848, Stockholm
 Döbeln 7 KB, 969675-0117, Stockholm
 Rambergsstaden 23:1 KB, 969675-1149, Stockholm
 Malörten 1 i Vänersborg KB, 969675-1842, Stockholm
 Fastighetsbolaget Drottninggatan i Karlstad KB, 969675-0588, Stockholm
 Livia 15 KB, 969674-8632, Stockholm
 Knut 28 KB, 969675-1230, Stockholm
 Fastighetsbolaget Hammarstorget 5-7 KB, 969675-4614, Stockholm
 Hofors 6:87 KB, 969675-1099, Stockholm
 Fastighetsbolaget Storgatan i Sollefteå KB, 969675-2113, Stockholm
 Stora Örnen 18 KB, 969675-0554, Stockholm

Note 16 *Other securities accounted for as fixed assets*

	2002	2001
Acquisition values		
Participations in tenant-owner associations	0.0	0.0

Note 17 *Deferred income taxes recoverable*

Temporary differences

Temporary differences exist in the cases where the reported values of assets diverge from the taxable values.

Temporary differences have led to deferred income taxes recoverable in connection with the following items:

	Group		Parent company	
	2002	2001	2002	2001
Depreciation of building	58.9	60.8	2.9	3.7
Provision for pensions	23.4	21.6	23.4	21.6
Deficit deduction	-	1.0	-	-
Provision for social welfare costs	<u>5.7</u>	<u>5.2</u>	<u>5.7</u>	<u>5.2</u>
	88.0	88.6	32.0	30.5

Note 18 *Other long-term receivables*

	Group		Parent company	
	2002	2001	2002	2001
Acquisition values brought forward	15.1	20.7	14.1	19.5
Reversed current receivable	1.6	1.6	1.3	1.3
Additional receivable	6.4	-	6.4	-
Accounts receivable settled	-1.6	-2.2	-1.3	-2.0
Transferred to current receivable	<u>-1.6</u>	<u>-5.0</u>	<u>-1.3</u>	<u>-4.7</u>
Book value at year-end	19.9	15.1	19.2	14.1

The Company's receivables have partly been secured via guarantees, in the amount of MSEK 7.2 (7.5), and partly via mortgages, in the amount of MSEK 5.9 (6.8). The total amount secured is thus MSEK 13.1 (14.3).

Note 19 *Prepaid expenses and accrued income*

	Group		Parent company	
	2002	2001	2002	2001
Prepaid rent	21.6	87.2	21.6	87.2
Other prepaid expenses	16.6	1.9	14.7	-
Accrued interest	1.0	13.6	1.0	13.6
Other accrued income	<u>-</u>	<u>8.7</u>	<u>-</u>	<u>1.3</u>
	39.2	111.4	37.3	102.1

Note 20 Changes in equity

Group	Share capital	Restricted reserves	Non-restricted reserves	Net profit for the year
Value brought forward for equity in 2002				
as per balance sheet approved for preceding year	360.0	387.2	467.2	133.2
Appropriation of profit, as approved by Annual General Meeting:				
Dividend				-80.0
Transfer to non-restricted reserves			53.2	-53.2
Change between restricted and non-restricted equity		11.0	-11.0	
Net profit for the year				<u>141.6</u>
Value carried forward for equity	<u>360.0</u>	<u>398.2</u>	<u>509.6</u>	<u>141.6</u>
Parent Company	Share capital	Restricted reserves	Non-restricted reserves	Net profit for the year
Value brought forward for equity in 2002				
as per balance sheet approved for preceding year	360.0	72.0	433.0	106.7
Appropriation of profit, as approved by Annual General Meeting:				
Dividend				-80.0
Transfer to non-restricted reserves			26.7	-26.7
Net profit for the year				<u>124.8</u>
Value carried forward for equity	<u>360.0</u>	<u>72.0</u>	<u>459.7</u>	<u>124.8</u>

Note 21 Tax allocation reserves, Parent Company

	2002	2001
Tax allocation reserve, set aside at 1997 tax assessment	-	55.9
Tax allocation reserve, set aside at 1998 tax assessment	52.2	52.2
Tax allocation reserve, set aside at 1999 tax assessment	78.6	78.6
Tax allocation reserve, set aside at 2000 tax assessment	95.5	95.5
Tax allocation reserve, set aside at 2001 tax assessment	80.4	80.4
Tax allocation reserve, set aside at 2002 tax assessment	60.0	60.0
Tax allocation reserve, set aside at 2003 tax assessment	<u>62.4</u>	<u>-</u>
	429.1	422.6

Note 22 Provision for pensions

	Group		Parent company	
	2002	2001	2002	2001
Actual pension liability brought forward	11.2	741.8	-	732.1
Transferred to pension fund	-	-722.1	-	-722.1
Interest	-	5.6	-	5.2
Change in liability during year	<u>0.1</u>	<u>-14.1</u>	<u>-</u>	<u>-15.2</u>
Actual pension liability carried forward	11.3	11.2	-	0.0

In March 2001, Systembolaget AB secured outstanding portable pension commitments through allocation to pension funds.

During calculation of the allocation for pensions, the provisions of the Swedish Act of 9 June 1967 on Securing Pension Commitments etc. have been applied. Pension commitments have been calculated in accordance with the directions of the Swedish Financial Supervisory Authority (FFFS 2000:19).

The pension commitments of subsidiaries are guaranteed through credit insurance and guarantees by Systembolaget AB.

Note 23 Other provisions

	Group		Parent company	
	2002	2001	2002	2001
Deferred tax on untaxed reserves	126.5	122.4	-	-
Provision for pensions	104.0	95.8	104.0	95.8
Provision for tax	<u>27.3</u>	<u>27.9</u>	<u>-</u>	<u>-</u>
	257.8	246.1	104.0	95.8

Note 24 Long-term liabilities

No long-term liabilities fall due within five years of the balance sheet date.

Note 25 Accrued expenses and deferred income

	Group		Parent company	
	2002	2001	2002	2001
Holiday pay liability	72.6	65.0	69.8	62.7
Wage/salary liability	26.9	19.2	25.3	17.9
Social welfare costs	63.6	55.7	61.3	54.0
Accrued operating costs	26.2	28.2	23.9	19.1
Other	<u>33.1</u>	<u>14.9</u>	<u>22.4</u>	<u>5.6</u>
	222.4	183.0	202.7	159.3

Note 26 Contingent liabilities

	Group		Parent company	
	2002	2001	2002	2001
On behalf of Group companies	-	-	12.6	13.3
Personnel loans	6.6	7.1	6.6	7.1
Pension commitments	862.8	682.1	862.8	682.1
Allocation to pension fund	-862.8	-682.1	-862.8	-682.1
Premium adjustment fund	1.9	9.5	1.9	9.5
Other	<u>2.1</u>	<u>2.7</u>	<u>0.0</u>	<u>0.2</u>
	10.6	19.3	21.1	30.1

Stockholm, 20 March 2003

Olof Johansson

Chairman

Anna Hedborg

Deputy Chairman

Ulf Melin

Elisebeht Markström

Leif Linde

Marianne Nivert

Bengt Silfverstrand

Ewa Persson Göransson

Sven-Olof Danielsson

Employee Representative (HTF)

Eva Hagelberg

Employee Representative (HTF)

Anitra Steen

President

Our Audit Report was submitted on 20 March 2003

Bo Axberg

Authorized Public Accountant
SET Revisionsbyrå AB

Curt Öberg

Authorized Public Accountant
Swedish National Audit Bureau

Audit report

To the Annual General Meeting of Systembolaget AB, Corporate Registration Number 556059-9473.

We have examined the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President of Systembolaget AB for 2002. The accounting records and the administration are the responsibility of the Board of Directors and the President. Our duty is to state an opinion, based on our audit, on the Annual Report, the consolidated financial statements and the administration.

The audit was carried out in accordance with generally accepted auditing standards in Sweden. We planned and performed our audit so as to obtain reasonable assurance that the Annual Report and consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies and their application by the Board of Directors and the President, as well as an assessment of the overall adequacy of the presentation of information in the Annual Report and consolidated financial statements.

As the basis for our opinion on discharge from liability, we have examined significant decisions, actions taken and circumstances in the Company in order to determine whether any member of the Board of Directors or the President is liable for damages to the Company, or has otherwise acted contrary to the Swedish Companies Act, the Swedish Annual Accounts Act or the Company's Articles of Association. We consider that our audit gives us reasonable grounds for the following statements.

The Annual Report and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and therefore provide a true and fair picture of the financial results and position of the Company and the Group in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the Parent Company and consolidated income statements and balance sheets, that the unappropriated profit of the Parent Company be dealt with as proposed in the Administration Report, and that the members of the Board of Directors and the President be discharged from liability with respect to the financial year.

Stockholm, 20 March 2003

Bo Axberg
Authorized Public Accountant

Curt Öberg
Authorized Public Accountant

Detailed audit report

To the Annual General Meeting of Systembolaget AB, Corporate Registration Number 556059-9473.

On behalf of Riksdagen's Board of Administration, we have examined the administration and the internal controls of Systembolaget AB in the 2002 financial year.

We have examined significant decisions, actions taken and circumstances in the Company in order to judge whether the Company has been managed in an appropriate and financially acceptable manner, and whether the Company's internal controls are adequate. Our examination did not reveal any circumstances giving cause for objection.

We have also examined whether the Company, its management and Board observed the guidelines laid down by the government with specific reference to Systembolaget AB and also to State-owned enterprises in general.

This examination also did not reveal any circumstances giving cause for objection.

Stockholm, 20 March 2003

Ingvar Johnsson

Kenth Skårvik

Karl-Gösta Svenson

Auditors

Composition on 31 December, 2002.

Regular Auditors

Appointed by Annual General Meeting:

Bo Axberg, Authorized Public Accountant, SET Revisionsbyrå AB, Stockholm.

Curt Öberg, Authorized Public Accountant, Swedish National Audit Bureau, Stockholm.

Appointed by Riksdagen's Board of Administration:

Ingvar Johnsson, MP, Trollhättan.

Kenth Skårvik, MP, Mölndal.

Karl-Gösta Svenson, former MP, Jämsjö.

Deputy Auditors

Appointed by Annual General Meeting:

Mats Nordebäck, Authorized Public Accountant, SET Revisionsbyrå AB, Stockholm.

Appointed by Riksdagen's Board of Administration:

Anders G Högmark, MP, Växjö.

Karin Jeppsson, MP, Ronneby.

Christina Nenes, MP, Älvängen.



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Board of directors

Appointed by the Annual General Meeting

Olof Johansson (14), **Chairman**, former cabinet minister, elected 2002.

* AB Svensk Bilprövning, the Swedish Foundation for Knowledge and Competence Development, Rådet för insyn i försvarsmakten (Public Accountability Board of the Swedish Armed Forces) LUSTRA (Land Use Strategies) (chairman of all).

Anna Hedborg (13), **Deputy Chairman**, Director-General, National Swedish Social Insurance Board, elected 2002.

* National Swedish Social Insurance Board (Chairman), First AP-fonden (National Swedish Pension Insurance Fund) (Chairman), AMS (Swedish Labour Market Board) (Director).

Leif Linde (5), Director-General, Swedish National Board for Youth Affairs, elected 2002.

* Swedish National Board for Youth Affairs (Chairman), Swedish Consumer Agency (Director), Swedish National Council of Adult Education (Director), Konsumentföreningen Svea (Svea Consumer Association) (Director).

Elisebeht Markström (7), MP, elected 1999.

* Swedish National Board of Institutional Care (SIS), Swedish Cancer Society, National Swedish Prisons and Probation Administration, Board of the Swedish National Courts Administration.

Ulf Melin (12), Administrative Head, Parliamentary Office of the Swedish Conservative Party, elected 1999.

* Advanced Vocational Training Board, Swedish National Commission for UNESCO.

Marianne Nivert (11), elected 2002.

* Fourth AP-fonden (National Swedish Pension Insurance Fund), Posten AB, Huddinge universitetssjukhus AB, Lennart Wallenstams Byggnads AB, Chalmers University of Technology Foundation, SNS (Swedish Center for Business and Policy Studies), Swedish Exportkredit AB, Beijer Alma AB, SSAB.

Ewa Persson Göransson (10), Under-Secretary of State, Ministry of Health and Social Affairs, elected 2001.

* Swedish Agency for Public Management, Council.

Bengt Silfverstrand (6), Local Government Commissioner, Höganäs Municipality, elected 1996.

* University of Lund, MISTRA (The Swedish Foundation for Strategic Environmental Research).

Employee representatives

Sven-Olof Danielsson (3), Store Manager, Systembolaget, Östersund, elected 1989.

Eva Hagelberg (15), Salesperson, Systembolaget, Hudiksvall, elected 1998.

* Systembolaget Personnel Association (member)

Deputies

Margareta Andersson (not pictured), MP, elected 2000.

* Kooperativ Utveckling Jönköpings Län (Cooperative Development in the County of Jönköping) (Chairman), Föreningen Kooperativ Utveckling (Cooperative Development Association) – Board of National Federation (Director).

Robin Dahl (9), Economist, elected 1995.

* Uppland Music (Chairman), Patient's Committee, Uppsala County Council.

Evert Lindholm (4), President of Swedish Association of Local Authorities, elected 1999.

* Offentliga jobb AB, KPA AB, Kommentus AB, @veta.

Ingvar Löfstrand (2), Deputy Assistant Under-Secretary, Ministry of Health and Social Affairs, elected 1996.

Karin Pilsäter (8), MP, elected 1999.

* University College of South Stockholm, Swedish Consumer Agency, Board of Governors of the Bank of Sweden, Vattenfall Sveanät AB.

Deputy employee representatives

Hans Kjellström (not pictured), Store Manager, Systembolaget, Stockholm, elected 1994.

* Systembolaget Personnel Association, Managerial Division, Stockholm (Chairman), Systembolaget Pension Foundation.

Håkan Elffors Johansson (1), Store Manager, Systembolaget, Söderhamn, elected 2002.

* Systembolaget Personnel Association (Chairman).

* Other Board duties.

Basic rules governing operations by Systembolaget

Sweden's Alcohol Act lays down that there shall be a special company (a retailing company), owned by the State, for the retailing of spirits, wine and beer. Under the terms of the Owner's Directive and Systembolaget's agreement with the State, Systembolaget is the Company thus designated.

The agreement with the State

Retail stores

Systembolaget's agreement with the State sets the aim of a retail outlet being established in every municipality requesting one. Decisions on the opening of new outlets shall be based on an overall assessment of commercial and service-related considerations. In communities without Systembolaget stores, the Company may also sell its goods via special agencies.

Product range

The Company's product range shall avoid favouring Swedish products. Product selection may only be based on an assessment of product quality, particular risks of harmful effects from the product, customer demand and other commercial considerations.

Any supplier who is dissatisfied with the Company's decision may appeal to the Alcoholic Beverages Product Range Board.

Service and efficient operations

The Company shall operate efficiently, and customers shall be provided with good service.

The Company may own real estate and be a partner in real estate enterprises when necessary in order to obtain premises for its operations. Otherwise, the Company may not be a partner in any other enterprise without the permission of the government.

Marketing and product information

Systembolaget shall endeavour to bring new products to the attention of its customers. The product information provided shall be impartial.

The owner's directive from the State

The Systembolaget monopoly

The Owner's Directive from the State stipulates that Systembolaget's monopoly in alcohol retailing serves a socio-political objective, and that this monopoly shall

restrict the availability of alcohol through control of where the Company's stores are located, and via control of opening hours and rules on selling the products concerned.

The directive prohibits the sale of alcohol:

- to persons under the age of 20 years
- to persons obviously under the influence of alcohol or other intoxicant, or
- if there is any particular reason to suppose the product is intended for unlawful supply to a third party.

Systembolaget is entitled to request customer identification as a means of ensuring that no sales are made to persons under the age of 20 years.

Equity/assets ratio and return on capital

The Owner's Directive states that Systembolaget should maintain an equity/assets ratio of around 30%. The Company is required in the long term to achieve a return on its adjusted equity corresponding to the yield on ten-year bonds, plus four percentage points.

Trading margin and efficiency

The operations of the Company shall be conducted on a financially efficient basis. In determining its trading margin, Systembolaget is required to take into account the demand that it must cover its costs and provide the State with a reasonable yield, in line with its return on capital objectives. To this end, the Company shall use all available and suitable means of improving efficiency and productivity.

Through key ratios, or by other appropriate means, the Company is required to report annually on the extent to which its return on capital objective has been attained, as well as on the results of its efficiency and productivity improvements. The report is also required to include an account of the factors that have affected the trading margin, together with a description placing the Company's results within the context of its industry.

Dividend

Dividend should be paid in an amount corresponding to at least 50 per cent of the Company's profit after tax, unless this conflicts with the Swedish Companies Act or the Company's return on capital objective. If the Company's profit should persistently exceed Systembolaget's return on capital objective, this should in the long term be allowed to benefit customers through a downward adjustment of the trading margin.

Articles of association

Systembolaget has a share capital of MSEK 360. All shares are owned by the Swedish State. The Company's Board of Directors shall consist of no more than eleven and no less than six members, with five deputies. In addition, two members and two deputies represent the employees. The Company's registered office is in Stockholm. The Company's financial year is the calendar year. Following transfers to reserves, part of the Company's remaining profit is paid to the State.

Sales statistics

Systembolaget sales, 1955-2002 (1,000s of litres)

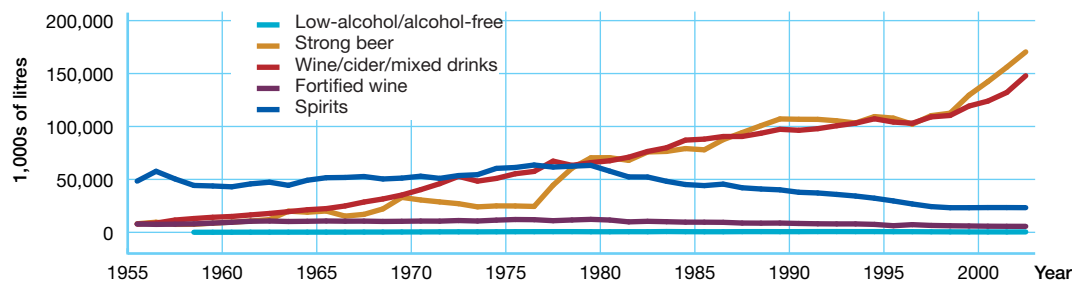
Year	Spirits	Fortified wine	Wine*	Strong beer	Low-alcohol/ alcohol-free
1955	48,376	7,858	7,799	8,102	
1956	57,674	7,511	8,744	9,541	
1957	50,465	7,712	11,599	7,514	
1958	44,292	7,988	13,034	7,575	60
1959	43,795	8,738	14,224	8,680	95
1960	43,007	9,509	14,975	9,646	119
1961	45,778	10,485	16,460	10,702	139
1962	47,348	10,691	17,829	12,057	147
1963	44,400	10,252	19,536	20,007	177
1964	49,199	10,442	21,325	18,995	188
1965	51,605	10,712	22,410	20,136	207
1966	51,844	10,524	24,934	15,310	213
1967	52,723	10,598	28,642	16,986	258
1968	50,406	10,298	31,528	22,128	266
1969	51,224	10,442	35,241	33,003	340
1970	53,028	10,655	40,331	30,574	395
1971	50,968	10,590	45,947	28,742	448
1972	53,643	11,142	52,875	27,060	478
1973	54,454	10,709	48,362	24,079	453
1974	60,413	11,532	50,930	24,963	515
1975	61,245	12,110	55,321	24,901	590
1976	63,583	11,950	57,544	24,475	608
1977	61,657	10,990	67,280	44,508	636
1978**	62,491	11,675	63,263	60,610	643
1979	63,250	12,255	65,860	70,427	559
1980	57,787	11,628	67,609	70,529	538
1981	52,353	9,896	70,985	67,957	598
1982	52,260	10,419	76,406	75,905	558
1983	48,219	10,042	79,881	76,445	738
1984	45,161	9,619	87,103	79,127	605
1985	44,141	9,590	88,059	77,954	542
1986	45,558	9,456	90,523	87,556	551
1987	42,104	8,777	90,558	94,194	660
1988	40,934	8,673	93,613	100,775	674
1989	40,150	8,766	97,332	107,121	634
1990	37,837	8,387	96,393	106,793	646
1991	37,177	8,082	97,913	106,722	706
1992	35,807	7,961	100,670	105,367	711
1993	34,287	7,962	103,127	103,307	667
1994	32,245	7,504	107,263	109,354	683
1995***	29,654	6,249	104,165	107,902	604
1996	26,801	7,263	103,026	102,184	605
1997	24,304	6,517	109,059	110,232	517
1998	23,257	6,202	110,403	112,534	457
1999	23,267	6,007	119,291	129,594	393
2000	23,402	5,792	123,968	142,361	400
2001****	23,396	5,696	132,157	156,011	373
2002	23,308	5,656	147,925	170,455	415

* Including cider and mixed drinks.

** In 1978, Systembolaget's monopoly on wholesaling of Swedish-produced strong beer was terminated.

*** In 1995, Systembolaget's monopoly on other wholesaling was terminated.

**** In 2001, Systembolaget's sales in the wholesaling sector were terminated.



Systembolaget per capita sales, by county in 2002,
with % change from 2001 (litres)

County	Spirits		Wine		Strong beer		Cider/ mixed drinks		Total, as pure alcohol	
	Litres	%	Litres	%	Litres	%	Litres	%	Litres	%
Stockholm	2.66	-5.9	22.29	4.5	22.09	3.1	1.75	15.1	5.13	3.1
Uppsala	2.23	1.0	16.09	8.9	18.19	10.5	2.00	20.7	3.97	8.8
Södermanland	2.76	1.4	16.17	10.9	21.05	9.8	2.12	21.6	4.36	9.5
Östergötland	2.40	-0.7	13.66	7.9	18.22	8.2	1.88	30.9	3.75	7.3
Jönköping	1.97	-0.3	8.03	8.9	15.37	11.4	1.36	28.3	2.70	8.2
Kronoberg	2.58	-1.6	9.62	8.6	14.12	11.3	1.35	27.8	3.04	6.9
Kalmar	3.03	-1.6	12.26	9.0	20.23	10.9	1.91	27.4	3.94	7.6
Gotland	3.39	-2.6	19.65	8.7	28.41	10.5	3.10	21.9	5.48	7.7
Blekinge	2.56	-1.5	10.01	10.0	13.90	10.2	1.54	33.4	3.11	7.8
Skåne	1.99	-2.6	11.13	8.3	8.98	5.9	1.12	25.4	2.72	6.0
Halland	2.33	-0.8	12.15	14.7	12.99	14.4	1.65	35.8	3.22	11.2
Västra Götaland	2.56	0.9	15.11	15.1	18.43	12.0	1.85	32.8	3.99	11.7
Värmland	4.37	9.6	18.83	20.5	29.21	18.2	2.88	38.1	5.79	17.7
Örebro	2.41	2.7	11.85	11.6	20.77	12.2	2.14	34.5	3.69	10.9
Västmanland	2.49	0.9	14.33	9.5	21.13	10.3	2.27	26.6	4.06	9.1
Dalarna	2.71	1.7	13.78	10.9	23.44	12.7	2.38	26.0	4.17	10.4
Gävleborg	2.77	3.6	13.61	11.8	22.16	12.8	2.43	25.8	4.11	11.3
Västernorrland	3.05	-0.8	14.10	10.0	21.40	7.2	2.55	14.3	4.26	7.3
Jämtland	4.66	5.1	18.16	15.5	29.45	11.8	3.37	23.4	5.86	12.1
Västerbotten	2.89	-0.6	13.17	10.3	23.96	7.8	2.92	16.1	4.23	7.6
Norrbotten	2.93	1.4	11.96	13.1	25.96	9.9	3.01	23.5	4.22	9.9
All Sweden	2.61	-0.7	15.27	9.5	19.06	8.9	1.91	24.6	4.07	7.9
All Sweden, per capita above age of 15 years	3.18	-0.9	18.63	9.3	23.26	8.7	2.33	24.4	4.97	7.7

Market shares by volume in 2002 (Systembolaget's 10 biggest suppliers)

Spirits

1	V&S Group	54.2%
2	Maxxium Sweden Fine Wine & Spirit AB	9.1%
3	Diageo Sweden AB	8.2%
4	Berntson AB	5.4%
5	Allied Domecq Spirits & Wine Sweden AB	3.9%
6	Fondberg & Co AB	3.7%
7	Pernod Ricard Sweden AB	2.8%
8	Philipson & Söderberg AB	2.1%
9	Birra Mex AB	1.9%
10	Galatea Spirits AB	1.4%

Wine

1	V&S Group	22.5%
2	Fondberg & Co AB	11.8%
3	Oenoforos AB	8.4%
4	Philipson & Söderberg AB	5.5%
5	Arvid Nordquist Vin och Sprithandel	5.3%
6	Stellan Kramer AB	5.0%
7	Spendrups	4.0%
8	Enosvezia AB	3.9%
9	Edström Chris-Wine AB	2.9%
10	Premium Wines Nordic	2.8%

Strong beer

1	Carlsberg Sverige AB	39.0%
2	Spendrups	21.0%
3	AB Åbro Bryggeri	12.2%
4	Galatea Spirits AB	9.8%
5	Krönleins	6.4%
6	Kopparbergs/Sofiero Bryggeri	6.0%
7	Heba Trading AB	1.5%
8	Bibendum	1.2%
9	Birra Mex AB	0.6%
10	Scottish & Newcastle	0.4%

Cider and mixed drinks

1	Kopparbergs/Sofiero Bryggeri	33.1%
2	AB Åbro Bryggeri	27.3%
3	Carlsberg Sverige AB	17.7%
4	Krönleins	6.7%
5	Spendrups	4.2%
6	Kiviks Musteri	3.7%
7	Berntson AB	2.3%
8	Nya Munkbo Bryggeri	1.9%
9	Galatea Spirits AB	0.7%
10	Birra Mex AB	0.6%

Market shares by value in 2002 (Systembolaget's 10 biggest suppliers)

Invoicing

1	V&S Group	26.1%
2	Carlsberg Sverige AB	8.6%
3	Spendrups	6.1%
4	Fondberg & Co AB	5.3%
5	Philipson & Söderberg AB	3.7%

6	Maxxium Sweden Fine Wine & Spirit AB	3.5%
7	Oenoforos AB	3.2%
8	Berntson AB	3.2%
9	AB Åbro Bryggeri	3.2%
10	Diageo Sweden AB	3.0%

Top selling brands in 2002

2001 position in brackets

Spirits			Millions of litres
1	(1)	Explorer Vodka	1.8
2	(2)	Renat	1.6
3	(3)	Absolut Vodka	1.6
4	(4)	Lord Calvert	1.5
5	(5)	Brännvin Special	0.9
6	(7)	The Famous Grouse	0.7
7	(6)	Kronvodka	0.7
8	(8)	Bell's	0.6
9	(13)	Koskenkorva	0.5
10	(9)	Star Dry Gin	0.5

Fortified wine			Millions of litres
1	(1)	Blossa Starkvinsglögg Röd	1.2
2	(2)	Marinella Fruit Bitter	0.7
3	(3)	Martini Bianco	0.5
4	(4)	Rosita	0.3
5	(5)	Martini Extra Dry	0.2

Wine (excl. fortified wine)			Millions of litres
1	(1)	Castillo de Gredos Tinto	4.9
2	(4)	Chenet Cabernet-Syrah	4.3
3	(36)	Mauro Primitivo	3.8
4	(2)	Castillo de Gredos Blanco	3.4
5	(3)	Gato Negro Cabernet Sauvignon	3.3
6	(52)	il Conte Primitivo Negroa	2.6
7	(14)	Viña Maipo Cabernet Sauvignon	2.1
8	(18)	Chapel Hill Riesling	2.0
9	(9)	Dunavár Pinot Gris	1.8
10	(6)	Pasqua Cabernet Merlot	1.8

Red wine			Millions of litres
1	(1)	Castillo de Gredos Tinto	4.9
2	(3)	Chenet Cabernet-Syrah	4.3
3	(24)	Mauro Primitivo	3.8
4	(2)	Gato Negro Cabernet Sauvignon	3.3
5	(31)	il Conte Primitivo Negroamaro	2.6
6	(10)	Viña Maipo Cabernet Sauvignon	2.1
7	(5)	Pasqua Cabernet Merlot	1.8
8	(4)	Gandia Tempranillo	1.7
9	(8)	La Chasse	1.6
10	(6)	Señorio de los Llanos Reserva	1.2

White wine			Millions of litres
1	(1)	Castillo de Gredos Blanco	3.4
2	(6)	Chapel Hill Riesling	2.0
3	(3)	Dunavár Pinot Gris	1.8
4	(5)	California White	1.5
5	(21)	Gloria Chardonnay	1.1
6	(2)	Åkesson Terra dell'Oro Bianco	1.0
7	(8)	Pasqua Chardonnay delle Venezie	1.0
8	(11)	Santagostino Cataratto-Chardonnay	0.9
9	(27)	Dunavár Chardonnay	0.8
10	(4)	Prins Oliver Blanc	0.8

Strong beer			Millions of litres
1	(1)	Millennium	14.4
2	(2)	Mariestads Export	10.0
3	(3)	Norrlands Guld Export	9.0
4	(5)	Falcon Export	8.0
5	(10)	Stockholm Festival	4.9
6	(7)	Lapin Kulta	4.7
7	(6)	Åbro Original	4.7
8	(4)	Kung	4.7
9	(9)	Carlsberg Export	4.6
10	(14)	Carlsberg Sort Guld	4.4

Cider			Millions of litres
1	(6)	Xider Cactus/lime	2.4
2	(1)	Kopparbergs Päröncider	2.0
3	(2)	Rekorderlig Skogsbärs cider	1.3
4	(5)	Kopparbergs Cider Svensk Guld Pärö	1.0
5	(4)	Kopparbergs Äpplecider	0.9

Mixed drinks			Thousands of litres
1(new)		Cube Sour Lemon	224.6
2	(11)	Bacardi Breezer Tropical Pineapple	137.0
3	(1)	Peters Pops Kiwi	132.0
4	(10)	Bacardi Breezer Tropical Lime	125.9
5	(2)	Peters Pops Peach	101.7

Alcohol-free			Thousands of litres
1	(1)	Blossa Lättglögg	52.5
2	(3)	Clausthaler	28.7
3	(5)	Mousserande Jordgubbsvin	27.5
4	(7)	Ramlösa	24.3
5	(15)	Jever Fun	23.4

Systembolaget sales by product group in 2002,
with % change from 2001 (1,000s of litres)

Spirits	2001	2002	Ch.
Aperitifs/bitters	329	321	-2,3%
Unspiced vodka	8,219	7,812	-4,9%
Spiced vodka	2,076	2,179	4,9%
Gin	1,455	1,473	1,2%
Armagnac, Cognac, Brandy	850	896	5,4%
Rum	393	386	-1,8%
Swedish (Arrack) Punsch	258	242	-6,3%
Whisky	8,088	8,123	0,4%
Liqueurs	1,392	1,542	10,8%
Other spirits	336	334	-0,5%
Total	23,396	23,308	-0,4%

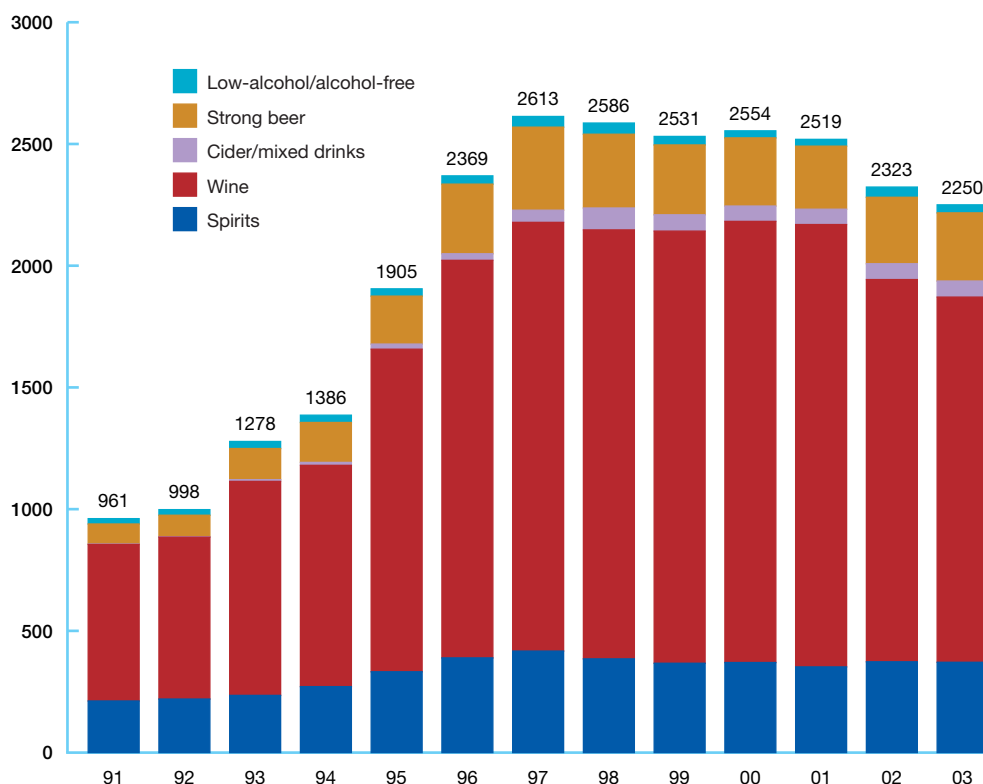
Wine	2001	2002	Ch.
Red wine	70,311	78,900	12,2%
White wine	40,056	43,424	8,4%
Rosé wine	1,537	1,826	18,8%
Sparkling wine	3,421	3,611	5,6%
Champagne	459	462	0,7%
Fortified wine, excl. fortified glögg	4,270	4,120	-3,5%
Glögg and Glühwein	2,794	2,894	3,6%
Other wine	1,354	1,270	-6,2%
Total	124,202	136,507	9,9%

Cider and mixed drinks	2001	2002	Ch.
Mixed drinks	396	1,024	158,2%
Cider	13,254	16,051	21,1%
Total	13,651	17,075	25,1%

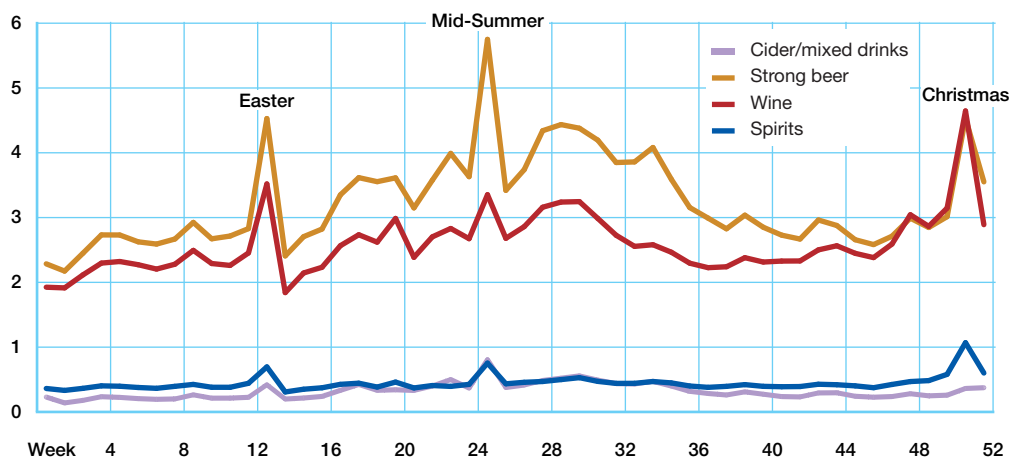
Strong beer	2001	2002	Ch.
Pale lager	147,677	161,318	9,2%
Dark lager	4,157	4,425	6,5%
Ale	2,715	2,919	7,5%
Porter/Stout	705	857	21,6%
Other strong beer	757	935	23,6%
Total	156,011	170,455	9,3%

Low-alcohol/alcohol-free	2001	2002	Ch.
Alcohol-free	324	357	9,8%
Mineral water	48	57	19,8%
Total	373	415	11,1%

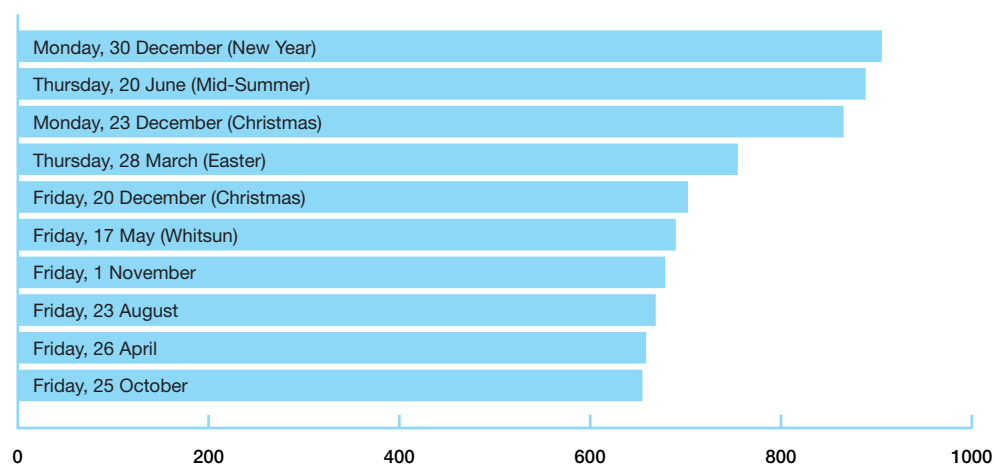
Number of brands in Systembolaget's standard range, 1991 – 2003
(January each year)



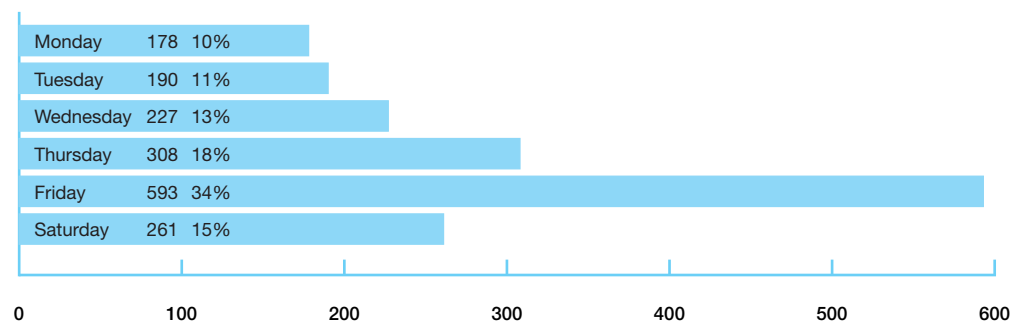
Systembolaget sales, by week through the year in 2002 (millions of litres)



Days of peak customer demand (1,000s) in 2002



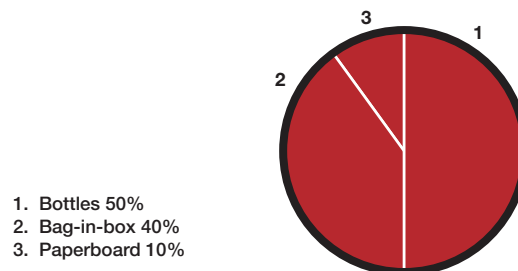
Number of customers (1,000s) per day during an average week in 2002



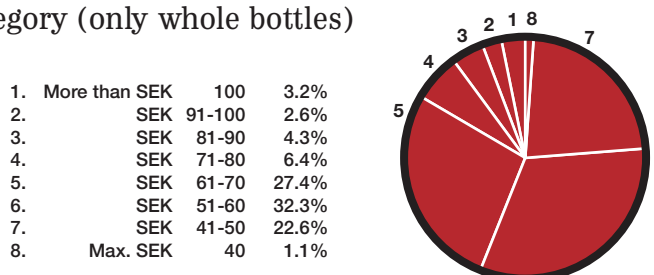
Systembolaget sales of wine
(excl. fortified wine) 1993-2002 (1,000s of litres)

Country	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	% in 2002	% change, 2002/2001
Spain	18,544	25,523	31,576	29,902	27,266	30,633	32,501	30,288	31,379	31,439	24.0%	0.2%
Italy	7,200	8,082	11,620	12,013	15,454	14,826	15,344	17,498	21,250	28,627	21.9%	34.7%
France	16,615	16,014	11,889	9,496	11,491	13,263	14,281	15,728	16,676	18,487	14.1%	10.9%
Chile	4,814	4,034	4,025	4,962	5,206	4,697	6,265	7,788	10,143	12,165	9.3%	19.9%
Germany	12,729	13,921	12,258	9,785	8,679	8,299	8,462	8,634	8,179	7,631	5.8%	-6.7%
Australia	15,950	13,026	6,839	6,334	5,028	3,827	4,692	5,601	5,817	7,287	5.6%	25.3%
South Africa	59	475	968	2,297	2,747	3,086	3,555	4,494	5,527	5,999	4.6%	8.5%
Hungary	1,604	1,511	1,940	2,059	1,859	1,661	2,108	2,592	3,821	5,846	4.5%	53.0%
USA	6,285	6,902	4,895	5,651	5,907	5,089	5,456	4,808	4,254	4,345	3.3%	2.1%
Sweden	4,645	4,590	3,879	3,284	2,984	2,735	2,644	2,280	2,325	2,321	1.8%	-0.2%
Bulgaria	3,041	2,874	2,799	2,963	2,746	3,022	2,461	2,352	2,391	1,999	1.5%	-16.4%
Portugal	2,297	2,185	1,975	2,380	2,697	3,371	4,108	4,051	3,088	1,960	1.5%	-36.5%
Argentina	1,217	610	267	425	607	1,050	1,011	1,139	855	634	0.5%	-25.9%
Romania	990	1,043	1,091	1,230	1,103	848	661	611	527	470	0.4%	-10.8%
Cyprus	664	442	489	478	441	376	351	331	327	342	0.3%	4.6%
Finland	610	550	582	540	416	350	311	298	286	263	0.2%	-8.0%
Greece	582	445	664	819	652	595	635	712	439	255	0.2%	-41.9%
Austria	467	476	916	806	753	500	470	375	314	177	0.1%	-43.6%
New Zealand	1,262	862	558	442	366	430	419	321	261	175	0.1%	-33.1%
Others	963	792	736	696	659	664	729	889	613	429	0.3%	-30.0%
Total	100,538	104,356	99,967	96,562	97,062	99,323	106,465	110,791	118,471	130,851	100.0%	10.4%

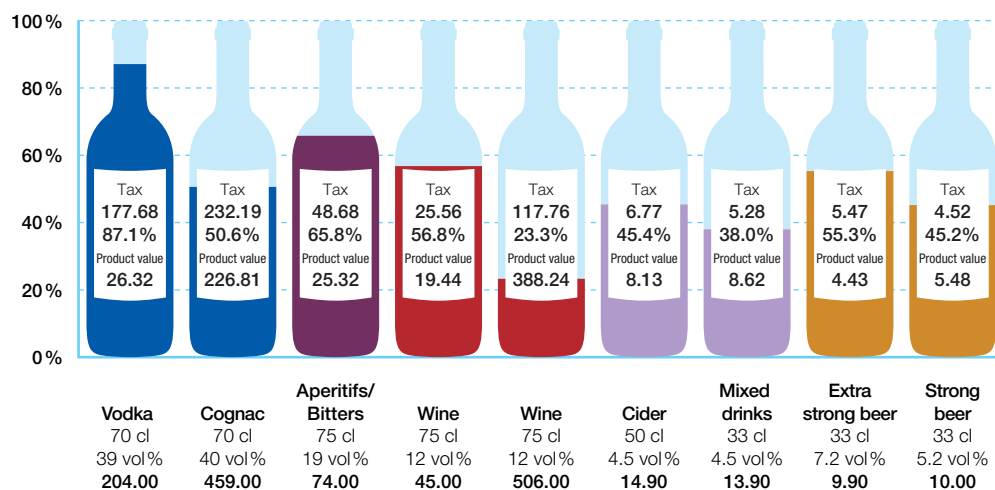
Systembolaget sales of wine in 2002
by type of packaging



Systembolaget sales of wine (excl. fortified wine)
in 2002 by price category (only whole bottles)



Tax as a percentage of various product prices, 1 January, 2003



Taxes on alcohol, 1 January, 2003

Excl. VAT

Beer

Alcohol content, % by volume	Duty, SEK per litre
More than	Max.
More than	per % unit alcohol by vol *
–	2.80
2.80	–
	1.47

* Duty on a brand of beer containing 5.0% alcohol by volume will be 5.0 x SEK 1.47 = SEK 7.35.

Wine (incl. cider etc.)

Alcohol content, % by volume	Duty, SEK per litre
More than	Max.
More than	Max.
–	2.25
2.25	4.50
4.50	7.00
7.00	8.50
8.50	15.00
15.00	18.00
	45.17

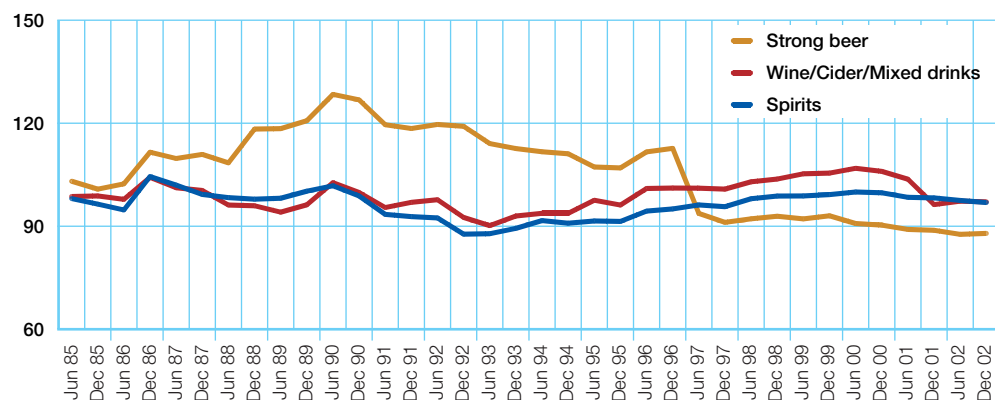
Intermediate class products (fortified wine etc.)

Alcohol content, % by volume	Duty, SEK per litre
More than	Max.
More than	Max.
1.20	15.00
15.00	22.00
	45.17

Spirits

Duty, SEK per litre of pure alcohol
501.41

Real prices of spirits, wine and strong beer, 1985 – 2002 (real price index, December 1984=100)



Value of product and taxes, 2002 (Group, SEK thousand millions)

Systembolaget sales	18.8
Of which:	
Purchase price for goods	7.2
Systembolaget costs	2.4
Product taxes	9.0
Tax on profit for the year	0.1
Systembolaget's profit	0.1

Alcohol sales per capita in selected countries in 2001 (litres)

Country	Spirits, 40% alcohol	Wine	Strong beer	Total, 100% alcohol	Country	Spirits, 40% alcohol	Wine	Strong beer	Total, 100% alcohol
Luxembourg	4.0	64	101	12.4	Greece	4.8	34	39	7.9
Ireland	6.0	12	151	10.8	Italy	1.0	50	29	7.6
Portugal	3.5	50	61	10.6	New Zealand	3.9	17	80	7.6
France	6.0	57	36	10.5	Australia	3.0	20	93	7.4
Spain	6.0	36	75	10.5	Finland	5.4	20	80	7.4
Germany	4.8	24	123	10.4	Poland	8.3	6	61	7.0
Hungary	7.5	31	64	9.8	USA	4.8	8	83	6.7
Denmark	2.8	31	99	9.5	Canada	5.0	10	69	6.6
Austria	3.5	31	107	9.2	Japan	7.3	4	40	6.5
Switzerland	3.9	43	57	9.1	Argentina	0.8	34	37	6.2
United Kingdom	3.8	18	97	8.5	Bulgaria	5.5	21	25	6.0
Belgium	3.0	19	98	8.2	Sweden	2.5	16	55	4.9
Cyprus	8.0	17	60	8.2	South Africa	2.2	9	56	4.8
The Netherlands	4.3	19	81	8.1	Norway	2.1	11	51	4.4
					Iceland	2.5	8	49	3.9

Source: World Drink Trends, 2003 Edition, NTC Publication Ltd.

Ten years in brief

Sales per inhabitant aged 15 years and over (litres)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Spirits	4.8	4.5	4.1	3.7	3.4	3.2	3.2	3.2	3.2	3.2
Wine	15.4	15.9	15.1	14.5	14.4	14.7	15.6	16.1	17.0	18.6
Strong beer	14.6	15.4	15.1	14.2	15.4	15.6	18.0	19.6	21.4	23.3
Cider and mixed drinks	0.2	0.3	0.3	0.9	1.7	1.5	1.8	1.8	1.9	2.3
Total, as pure alcohol	4.4	4.3	4.2	4.0	3.9	3.9	4.2	4.4	4.6	5.0

Sales in millions of litres

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Spirits	33.9	32.2	29.6	26.8	24.3	23.3	23.3	23.4	23.4	23.3
Wine	108.3	112.2	107.7	103.8	103.6	105.5	112.5	116.6	124.2	136.5
Strong beer	101.8	108.9	107.8	102.2	110.2	112.5	129.6	142.4	156.0	170.5
Cider and mixed drinks	1.1	1.9	2.4	6.5	12.0	11.1	12.8	13.2	13.7	17.1
Low-alcohol beverages	0.5	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4
Total, as pure alcohol	31.1	30.8	29.8	28.4	28.3	28.3	30.2	31.7	33.6	36.4

Highlights of Parent Company income statement (MSEK)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Value of sales										
incl. VAT	19,369.8	20,248.0	20,078.1	19,794.4	19,147.7	19,189.0	20,568.9	21,463.8	22,495.2	23,508.7
excl. VAT	15,496.3	16,199.0	16,063.0	15,837.2	15,319.6	15,352.5	16,456.5	17,175.2	17,995.5	18,808.8
Operating profit before appropriations	367.7	342.4	119.4	150.6	238.2	349.7	463.3	194.4	185.4	182.3
Pre-tax profit	321.0	351.9	73.9	146.2	196.3	291.6	382.5	261.0	158.5	175.8
Tax	100.1	89.3	28.6	46.4	58.1	81.9	111.6	106.2	51.8	51.0
Net profit	220.9	262.5	45.3	99.8	138.1	209.7	270.9	154.8	106.7	124.8

Number of employees

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Full-time employees	1,215	1,222	1,258	1,336	1,322	1,293	1,298	1,378	1,371	1,389
Part-time employees	3,393	3,404	3,398	3,187	3,127	3,042	3,085	3,122	3,071	2,847
Whole-time equivalents	2,695	2,552	2,658	2,712	2,573	2,508	3,131	3,303	3,229	2,857

Sales network

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of communities										
with stores	272	275	284	293	296	298	304	310	314	315
Stores	368	375	384	395	396	397	403	411	416	419
Local agents	542	551	557	571	589	586	575	575	579	590

