

Svenska Spel
Annual Report 2008

SVENSKA SPEL



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Financial Calendar 2009

AGM 15 April

The Svenska Spel AGM will be held on Wednesday 15 April in Visby, Gotland.

Interim reports

January–March	21 April
January–June	17 July
January–September	22 October

Svenska Spel's mandate

Svenska Spel is to continue with its current business direction. This

includes Svenska Spel continuing to develop new gaming forms, and continuing its ambition to become a world-leader in responsible gaming.

Read more on page 38

Svenska Spel's gaming services must be no less attractive than the other alternatives available to consumers.

For Svenska Spel to stand out as the most credible alternative, it should also provide the best consumer protection.

Read more on page 65

The prudence principle means that Svenska Spel is to adopt specific precautionary measures when introducing new games or entering new markets.

Read more on page 12

Svenska Spel is to be restrictive in marketing gaming services that it knows to be associated with major risks.

Read more on page 20

AB Svenska Spel is to arrange gaming and lotteries on licence from the government.

AB Svenska Spel shall respond to consumer interest in terms of **offering a reliable alternative to illegal gaming operations**, with the aim of providing a broad service in urban and country areas.

Social welfare is to be prioritised in the development of gaming forms and other operations. The risk of fraud and illegal gaming is also to be taken into account. **Security in gaming management** is to be maximised.

Regulators should be able to maintain efficient and independent control.

AB Svenska Spel shall adopt **a prudent approach** to new games and new markets.

The Company is to maintain a **responsible position in its marketing** reflecting social engagement and preventing the Company being perceived as overly assertive.

Svenska Spel 2008 in summary

Long-term objectives

Svenska Spel will in ten years time, regardless of the form of regulation, remain a credible, responsible and secure gaming company with not less than a 50% share of the total gaming market in Sweden. The Company is to put responsibility ahead of profit. This is to be achieved by:

- Superior service and gaming experiences in which responsible gaming is part of player experience.
- Competitive products and distribution forms with gaming responsibility and gaming security as an integrated aspect.
- Innovative, world-leading and responsible gaming development in balance with other development.
- Market leadership position in secure gaming administration.
- Strong brand that communicates Svenska Spel's leading position in responsible gaming.
- Strong customer relationships and reinforced intellectual capital.

Read more about objectives and strategies on page 15



Meta Persdotter, new CEO

In December 2008, Meta Persdotter was appointed new CEO, a position she commences on 1 February 2009.

Read the CEO Commentary on pages 4–5

At the Svenska Spel AGM in April, Margareta Winberg assumed the position of new Chairman for Svenska Spel.

Read the Chairman's Statement on page 120

New customer loyalty card ("Spelkort")

In October, over a million new Spelkort loyalty cards were sent to customers. The new card is an initial step in developing a corporate customer card.

Read more about Spelkort on page 24



New svenskaspel.se

The Svenska Spel webshop, svenskaspel.se, was redesigned.

Read about the business and sales areas on page 67

Key indicators

	2008	2007
Gross revenue from gaming, etc., SEK million	22,800	21,716
Net gaming revenue, SEK million	9,804	9,598
Net sales from gaming operations, etc., SEK million	8,071	7,915
Operating profit, SEK million ¹	4,985	5,035
Operating margin, % ¹	21.9	23.2
Profit for the year, SEK million	5,108	5,247
Average no. of employees	1,720	1,588

1. Excluding non-recurring item of SEK 93 million pertaining to sale of shares in Svenska Spels Fastighets AB in 2007.

The Swedish gaming market 2008, net market share %



The Swedish gaming market 2008, net gaming revenue SEK million



Source: Preliminary statistics from the Swedish Gaming Board and Svenska Spel estimates of the net gaming revenue of foreign internet companies. These sources estimate the total Swedish net gaming market to be approximately SEK 18,500 million in 2008. The Svenska Spel Group reports its second highest profit.

Ongoing investment in responsibility and CSR

In 2008, Svenska Spel worked to further integrate responsibility issues in the business as a whole. Example of responsible gaming measures:

- The Playscan tool ("Spelkoll" in Swedish) on svenskaspel.se has been developed and now has some 35,000 users.
- All customers on svenskaspel.se must now specify a weekly budget which helps them keep track of their gaming.
- Age verification has been introduced at approximately 90% of Vegas gaming locations.
- Additional retailers and business partners have been trained in responsible gaming.

- Checks have been increased of the compliance of retailers and business partners with rules relating to age limits and age verification.
- The Spelkort customer loyalty card has been improved to provide additional customers access to tools to help them monitor their gaming. Casino Cosmopol has started showing responsible gaming messages on multimedia screens at all casinos.

International awards

The international industry organisation World Lottery Association (WLA) has awarded Svenska Spel as the leading gaming company in the area of responsible gaming as well as in the training of retailers and

business partners in gaming responsibility in 2008. Casino Cosmopol has been nominated by International Gaming Awards as "Socially Responsible Casino Operator of the Year".

Corporate Social Responsibility (CSR) Report 2008

The CSR Report is on pages 29–62 and is also available on svenskaspel.se.

What happens to Svenska Spel's profit?

Consolidated profit for 2008 was SEK 5,108 million (5,247)

The Swedish Parliament has decided that the money is to be allocated between non-governmental and sporting movements for children and youth, cultural projects and the public treasury.

Read more about the appropriation of profits in the Directors' Report on page 77

Public treasury

The state owns 100% of Svenska Spel. Its share of the 2008 profit was SEK 3,587 million (3,657).

Culture

Part of the profit from the Penninglotten lottery is earmarked for cultural purposes. In 2008 this amounted to SEK 217,000 (311,000).



Swedish Sports Confederation

Most of the Swedish Sports Confederation's revenue for its sporting movements for children and youth comes from Svenska Spel profit. In 2008, the Swedish Sports Confederation received a total of SEK 1,338 million (1,394). The Idrottslyft sporting fund received SEK 560 million (560) of this amount.

Swedish National Board for Youth Affairs

The Swedish National Board for Youth Affairs is a government agency that promotes the influence and welfare of young people in society. Its role includes allocating government grants to integration, equal opportunity, NGO and minority projects. It received SEK 182 million (196) from Svenska Spel's 2008 profit.



Anders Hägg

An important mandate with several dimensions

Achieving a profit of more than SEK 5.1 billion at the same time as being judged the most responsible gaming company in the world is an excellent result.

We see this profit as a sign that we have succeeded in our ambition to balance our commercial business with a strong sense of responsibility that includes a goal-focussed social responsibility programme.

Impressive efforts by our employees have meant that players go on gaming with us, while at the same time we've expanded and developed the tools we provide them to help them keep control of their gaming. We are convinced that it is the players themselves who, supported by the information we provide them, will determine what gaming moderation represents for them.

2008 a different year

2008 was an unusual year with a number of significant, and somewhat unexpected, external and internal events. Margareta Winberg took up the position of new Chairman at the AGM. In conjunction with this the owner also presented a change in direction for the Company.

In May, the government also gave the Gaming Inquiry a supplementary assignment to evaluate the assumptions for selling parts of Svenska Spel.

The unease and insecurity that arose in the wake of these events was addressed by Svenska Spel making a thorough new analysis of its mandate from the owner. This analysis clarified the Company's operations and determined that its focus in recent years had been appropriate and could continue, but with a greater emphasis on social responsibility. Our business should always be based on a good balance between a range of gaming products that meets market expectations as well as individual and community needs for social responsibility in the gaming area.

In the second half-year, the finance crisis and the onset of recession have been disturbing external events. Through the enormous efforts of our employees in the face of greater insecurity, growing competition and our own revenue-affecting responsibility measures, we have succeeded in achieving the second best profit in Svenska Spel's history.

The Gaming Inquiry handed down its report at the end of the year, with two alternative proposals: A tightening of the current regulation of the gaming market, or that the sports betting market be opened to competition through a licensing system. The second alternative would also prevent Svenska Spel from running sports betting in future.

Efforts to bring order to the gaming market are welcomed. Svenska Spel's opinion is that it is problematic to increase market competition – which would be the case if the second alternative was implemented – if there is a concurrent ambition to maximise consumer protection and prevent the increase of gaming problems.

We look to the future with confidence

Despite the many uncertainties and challenges facing the Company, it is with great confidence we look ahead. After almost a year as Acting CEO it is now time for me to hand over to our new CEO, Meta Persdotter. I would like to extend a warm welcome to Meta as CEO, and am looking forward to a close working relationship when I now return to my normal role as CFO.

Visby, February 2009

Anders Hägg

Acting CEO until January 2009

Meta Persdotter

Balance between responsibility and profit

What does it mean for Svenska Spel to sell gaming experiences? The critical balance between responsibility and profit that we're constantly trying to achieve, demands that we often ask ourselves that very question.



As new CEO I'm happy to have the chance to be involved in this company with its strong sense of responsibility, excellent profitability and strong brands. A question I ask myself is how we can best carry out our mandate. This is not something that can be answered once and for all – it is a question that we must work with constantly and that will change over time as the world around us changes. Obviously we must continue our efforts to take even more social responsibility.

Gaming responsibility is important to us – in the end it is a matter of caring about our players. We want them to feel good and that their gaming is a source of pleasure. Caring for our players means we must be aware of and take responsibility for the fact that gaming can also have a backside. We stand for clean gaming and that gaming with us should be secure – this means for example that our gaming should always take place in a modern, safe and responsible environment, and that we strike a balance between responsibility and profit.

First choice of players

We want to go on being the first choice of our players. This means that we must offer products, services and gaming experiences of the best possible quality. It also means that we continue being a gaming company with an attractive offer.

A key priority for 2009 is to go on caring for our existing players as well as we possibly can while at the same time inviting new players to Svenska Spel.

Gaming pleasure and working pleasure

Svenska Spel delivers gaming pleasure to several million players, and will continue to do so. Our products put a gilt edge on life, create dreams and provide excitement; aspects we want to protect and actively develop and maintain.

Pleasure and involvement should also symbolise our organisational culture and our internal climate. Job satisfaction and motivation come as a result of us listening to one another, treating one another with respect and that there is openness and honesty in our communication. That we are all proud of working for Svenska Spel.

The task of clarifying and strengthening Svenska Spel's values is continuing in 2009. This will help give us a stronger picture of our mutual goals, and further increase motivation and dialogue within the Company.

Community benefit and dialogue

Not only do we have a responsibility to our players and employees, but to the community as a whole. This means we are open, transparent and invite our stakeholders to talk with us. This stakeholder dialogue will be a key part of our improvement process and business development in 2009. The responsibility work we are doing and that is described in the CSR Report continues untiringly.

Our mandate also includes delivering a substantial sum of money each year to clubs, associations and community programmes. We are to be as profitable as possible within the framework of our mandate. Therefore we see professionalism – with quality, market leadership and efficiency as guiding lights – as a natural part of Svenska Spel.

Because we want to deliver as much money as we can to clubs and associations this year too.

Visby, February 2009

Meta Persdotter

CEO from February 2009

Swedish gaming market in need of reform

The gaming market needs to be more orderly. A number of the measures presented by the Gaming Inquiry on 15 December, 2008 are therefore as welcome as they are essential. Not later than 1 April, 2009, Svenska Spel and other referral bodies will respond to the proposal before the government committee takes over.

The current Lotteries Act and other forms of state regulation are inadequate in the current Swedish gaming market. Foreign internet-based gaming companies freely target Swedish players without following Swedish legislation or the responsibility requirements of Swedish society.

Welcome Gaming Inquiry

The government Gaming Inquiry "A future gaming regulation (SOU 2008:124)" was initiated in 2007 and in 2008 it developed its proposal for how the Swedish gaming market should look in the future. The result was presented on 15 December 2008.

In its terms of reference to the committee (Dir. 2007:79), the Ministry of Finance strongly emphasised the need for public protection in the future. The Lotteries Act is to be reviewed based on the requirements of EU legislation. A supplementary term of reference to the committee is to examine the opportunity for a sale of all or parts of Svenska Spel. With the position taken by the Gaming Inquiry on the grounds for the new regulation there are no legislative requirements to change state ownership of gaming, as the Inquiry does not deem necessary the sale of any part of Svenska Spel.

In its report, the Inquiry recommends two alternatives for consideration by the government:

Alternative 1

This alternative recommends maintaining current gaming regulation with some degree of tightening. It proposes no opening of the market to new operators. Retaining the regulation necessitates gaming policy that has the overall objective of counteracting gaming dependency and criminality.

Inquiry proposals include:

- All games and lotteries be constitutionally regulated.
- All licensing and supervisory operations are centralised to the Swedish Gaming Board, with a proposed name change to the Swedish Gaming Market Inspection Authority.
- The most problematic games from a gaming dependency perspective (VLTs, casinos and interactive internet games such as poker, bingo and instant lottery tickets) are to be retained by Svenska Spel.
- Specific rules for marketing to consumers, prohibition on marketing certain games and a general 18-year age limit for participating in lotteries.
- Requirement that retailers have a special permit for their operation.





The Inquiry in brief:
“A future gaming regulation (SOU 2008:124)”

The Inquiry recommended two alternatives in its report:

Alternative 1

The alternative is to retain and further tighten current gaming regulations, with no opening of the market to new operators. Maintaining the regulation necessitates a gaming policy with the overall purpose of counteracting gaming dependency and criminality.

Alternative 2

To address the problem of uncontrolled gaming on foreign websites, the Gaming Inquiry proposes a partially new model that permits new operators to arrange odds and pools gaming with the exception of horse betting. This new licence model would be regulated under the Lotteries Act and thus covered by other legislative regulations. The Inquiry proposes that state-owned Svenska Spel not be permitted to arrange odds and pools betting.



Jan Nyrén was one of the speakers at the Gaming Academy and led the government inquiry into the gaming industry that was presented in December 2008.

Gaming Academy

gathers the gaming industry as a whole

Svenska Spel acts as host for the Gaming Academy in Visby, which was first held in 1992 by the former Penninglotteriet. It has since become established as the main meeting place for the gaming industry's stakeholders, an industry meeting where all operators, decision-makers and media representatives gather to discuss current gaming issues.

Security in focus

In 2008, security in the gaming industry was top of agenda at the Gaming Academy. Organised crime, illegal VLTs, technical intrusion on gaming sites and kidnapped charge cards were among the topics discussed at the Gaming Academy. Politicians, IT security experts, representatives from the police authority and hand-picked international guests discussed potential threats to a secure gaming market and how security issues are handled elsewhere in Europe.

Among the presenters at the annual Gaming Academy were Jan Nyrén, head of the Gaming Inquiry, Margareta Linderöth, head of Stockholm's criminal investigation department, Petter Nylander, CEO of Unibet and Marco Lopinto, consultant with detailed knowledge of the French gaming market.

Gaming Academy themes in recent years

- 2008 – Safe and secure gaming industry
- 2007 – The business of tomorrow
- 2006 – The business of gaming
- 2005 – Gaming plan for the future
- 2004 – Gaming within borders
- 2003 – Who wins the game?
- 2002 – The game of monopoly
- 2001 – Gaming of the future
- 2000 – Border-free gaming

Alternative 2

To address the problem of uncontrolled gaming on foreign websites, the Gaming Inquiry proposes a partially new model that issues licenses to new operators to arrange odds and pools betting with the exception of betting on horses. This new licensing model should then be regulated under the Lotteries Act and thus covered by other legislative regulations.

Under this alternative, the Inquiry proposes that state-owned Svenska Spel's right to arrange odds and pools betting be withheld.

The Inquiry has been submitted to the affected parties for response not later than 1 April 2009, after which the governmental committee takes over. The Inquiry anticipates that a new gaming regulation could come into force on 1 January 2011.

Svenska Spel's position on the Gaming Inquiry

If community protection is to remain at the forefront of Swedish gaming policy, the first alternative is the less risk-filled.

Alternative 2, which involves opening odds and pools betting to greater competition, would most likely increase the amount of gaming and thus the risks and problems associated with it. In addition, Svenska Spel would have greater difficulty in providing responsible gaming tools such as Playscan and weekly budgets.

Current position: Gaming responsibility and gaming problems in focus

The trends evident in the gaming market in recent years are unchanged or have become stronger in 2008.

As a result of greater availability, launches of new games with high paybacks, the growth of internet as a distribution channel, and the breakthrough of internet poker, internet casinos and slot machines, matters affecting problem gaming, gaming dependency and gaming responsibility have ranked high on the agenda in recent years. However, they have never before been in such focus as they are now.

There has been no Swedish survey of the scope of problem gaming by the National Institute of Public Health since 1997–1998. The Institute is however working on a new survey which is expected to be presented in 2009.

The latest survey showed that approximately 2% of the Swedish population (15–74 years) have gaming problems. Of this group, 0.6% were classified as having a gaming dependency and 1.4% as problem gamers. An additional 7.8% were in the risk zone for developing gaming problems.

Operators with or without gaming licences in Sweden

In Sweden, gaming for money by the general public under current legislation is primarily the preserve of the state, horse racing and NGOs. Numerous laws and regulations govern the gaming operations with the Swedish Gaming Board as the central supervising authority. The largest regulated operators are AB Svenska Spel, AB Trav och Galopp (ATG) in horse racing, and Folkspel (with Bingolotto and internet bingo) and Svenska Postkodlotteriet in the NGO segment. All have webshops and – with the exception of Svenska Postkodlotteriet – sales via retailers.

The regulated gaming companies compete on internet with hundreds of foreign gaming companies which operate outside Swedish legislation and target Swedish customers. Many of these operators have the same products as the regulated gaming companies, including horse betting, poker, bingo, sports betting, number games and lotteries. A number also offer casino games (card games, roulette, slot machines).

The biggest foreign internet actors on the Swedish market are English Ladbrokes, along with Malta-based Unibet, Expekt and Betsson.

On the outskirts of the gaming market is the illegal market, the scope of which for obvious reasons is unknown. A 2003 estimate by the Swedish Gaming Board put the number of illegal VLTs in Sweden at between 3,000 and 5,000 with a turnover of several billion SEK, and it is unlikely that the situation has changed significantly since then.

79%

of the Swedish population thinks it is good that the gaming market and its profit are regulated by the government and parliament.

71%

of the Swedish population considers that government-owned gaming companies take greater responsibility for gaming problems than private companies.

Source: Study conducted by Svenska Spel, 2008

Despite a number of crackdowns by police on VLTs and providers, these illegal operations continue. It is also known that illegal poker games occur at clubs throughout the country.

Aggressive competition

Competition in the gaming market has increased steadily in recent years. Market operators, regulated Swedish operators along with foreign internet operators, currently follow different regulations and requirements for social responsibility. The regulated market follows Swedish legislation and is subject to certain expectations – in Svenska Spel's case as expressed by its government mandate – to uphold a strong sense of responsibility to the community and individual players. Profit from the regulated operators' operations is also used to support sports and non-government organisations that benefit the community.

Foreign internet companies – some of which are listed on the stock market – follow other rules. This means that in contrast to Svenska Spel and other regulated operators, they can offer bigger winnings to players, attract players with aggressive bonus and other free offers and through gaming forms that are not allowed under Swedish legislation. The ambition to prevent gaming problems varies significantly between the different gaming companies – from relatively good to completely non-existent.



In 2008 the foreign internet companies were behind most of the SEK 200 million increase in the amount spent by the gaming industry on advertising, despite the Lotteries Act prohibiting them from marketing in Sweden. A recent study by Svenska Spel shows some 90 gaming companies are advertising in Swedish media. Tabloid newspapers Expressen and Aftonbladet have been convicted in court for breaking the Lotteries Act law against promotion when they published advertisements for foreign gaming companies. The matters are currently in the court of appeal which has requested an advance ruling (advice in the interpretation of EU legislation) from the European Court of Justice.

Reduced player base

Greater competition has not however led to an increase in the player base which has steadily declined in recent years from 87% of the adult population in 2004 to 83% in 2008. The ongoing growth of the gaming market in this period indicates that players have increased their stakes.

The total gaming market – regulated gaming companies as well as foreign internet companies – had net gaming revenue of approximately SEK 18,500 million (17,200), of which the share held by foreign internet companies is estimated by Svenska Spel to be some SEK 1,900 million.

The regulated share represents SEK 16,608 million (15,759) of this net market, of which Svenska Spel (excluding BingoLive in bingo halls) stands for SEK 9,743 million (9,598), ATG for SEK 3,544 million (3,521) and NGOs (including BingoLive in bingo halls) for SEK 3,113 million (2,432). (Source: Swedish Gaming Board)

Of the total gaming market's net gaming revenues of approximately SEK 18,500 million, foreign internet companies have a net market share of approximately 10% (9). Svenska Spel 53% (56), ATG 19% (21) and NGOs 17% (13) via Folkspel (primarily Bingolotto), bingo and Svenska Postkodlotteriet. The remaining share is attributed to restaurant casinos.

The net internet gaming market is estimated to have increased in 2008 by 17% to approximately SEK 4,000 mil-

lion, of which svenskaspel.se stands for SEK 1,255 million (1,181), which represents a net market share of 31% (35).

Poker growth has weakened. The gaming categories with greatest growth on internet are bingo and casino gaming – both considered high risk from a gaming dependency perspective. As internet-based casino gaming is only offered by foreign operators it is difficult to determine how widespread it is. Internet bingo is also showing strong growth with some 30 gaming companies today operating in the Swedish internet bingo market. Svenska Postkodlotteriet has seen strong growth in the number of lottery subscribers and is the gaming form that has grown most in 2008. Most other gaming forms have increased slightly, stagnated or in some cases declined in comparison with the previous year. Svenska Spel has chosen to invest more in marketing its moderate gaming "Spela Lagom" concept in campaigns, to introduce additional tools and aids to help customers control their gaming, and to improve existing responsible gaming functions.

The European Commission reviews regulations

National gaming regulations are under review in the EU. Certain countries such as France and Italy have modified their regulations for government gaming companies after the European Court of Justice, in a preliminary ruling to national courts of law, examined the compatibility of national regulations with EU regulations on freedom of establishment and the right to supply services.

The European Commission maintains that the Swedish Lotteries Act, and the legislation of a number of other member countries, illegally restricts freedom of movement within the EU. The Commission's breach of treaty charge (referring to a suspected breach of the Treaty of Rome) against Sweden pertains to VLTs, sports betting and internet poker. If the Swedish government's response to the commission is not accepted, the matter may be taken to the European Court of Justice. The potential consequences this would have on the Swedish gaming market are currently impossible to judge. ■

Facts on the regulated Swedish gaming market

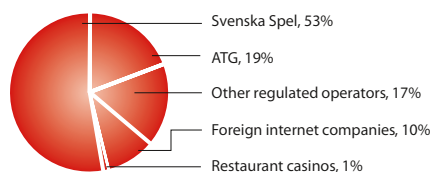
The biggest games in Sweden¹

Gross gaming revenue, SEK million	2008	2007	2006	2005	2004
Vegas	7,371	7,093	6,811	6,830	7,270
V75	4,258	4,292	4,141	4,115	4,156
Triss	3,291	3,308	3,147	3,093	3,246
Oddset	2,944	2,440	2,112	1,924	1,990
Lotto	2,658	2,532	2,350	2,255	2,104
Dagens Dubbel	1,913	1,988	1,911	1,988	1,986
Vinnare, Plats	1,630	1,673	1,562	1,671	1,585
Sv. Postkodlotteriet	1,601	1,129	307		
Keno	1,403	1,337	1,322	1,221	1,155
Bingo	1,402	1,466	1,503	1,665	1,960
Casino Cosmopol ²	1,224	1,153	1,002	922	853
V65	1,172	1,186	1,185	1,311	1,325
V64	875	826	824	110	
Tvilling	790	619	401	187	162
Joker	771	728	691	681	634
Stryktipset	712	794	790	862	931
Bingolotto	675	924	1,064	1,257	1,637
Restaurant casino games	538	532	646	759	1,165
Miljonlotteriet	492	444	428	398	381
Kombilotteriet	400	354	338	331	324
Poker on svenskspel.se	372	385	206		
Internet bingo, Pick'n'click	371	364	300	189	109
Trio	365	347	369	442	525

1. Gross gaming revenue per gaming type

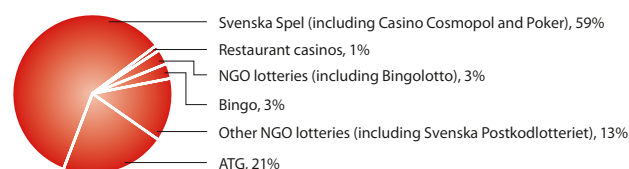
2. Net gaming revenue, i.e. after payout of winnings, reported

Total net gaming market in Sweden 2008



Source: Preliminary statistics from the Swedish Gaming Board and Svenska Spel estimates of the net gaming revenue of foreign internet companies.

The regulated Swedish net gaming market, 2008



Source: Preliminary statistics for 2008 from the Swedish Gaming Board.

The regulated Swedish net gaming market

Net gaming revenue, SEK million	2008	2007	2006	2005	2004
ATG	3,544	3,521	3,376	3,310	3,263
Svenska Spel incl. Casino Cosmopol ³	9,743	9,598	8,957	8,522	8,762
Total	13,287	13,119	12,333	11,832	12,025

NGO games and lotteries

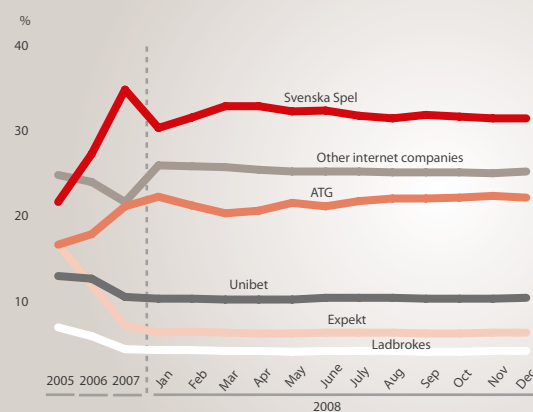
Folkspels lotteries	536	649	729	783	1,047
of which Bingolotto	398	546	615	700	900
Bingo	407	425	430	489	589
National lotteries (incl. Sv. Postkodlotteriet)	2,124	1,310	822	576	546
Local lotteries	45	47	59	54	52
Regional lotteries	1	1	2	2	2
Total	3,113	2,432	2,042	1,904	2,236
Restaurant casinos ⁴	208	208	279	328	381
Total	16,608	15,759	14,654	14,064	14,642

3. From 2006, The poker rake is included. Net gaming revenue of Svenska Spel's BingoLive is not included, but is recognised under NGO games and lotteries/Bingo.

4. Response frequency among surveyed restaurant casino operators is low, which means the information on restaurant casino gaming is less reliable than for other areas.

Source: Swedish Gaming Board. 2008 values are preliminary or estimated.

Net market share, internet, 2005–2008



Source: The graph is based on actual net gaming revenue from Svenska Spel and ATG and estimated net gaming revenue of other companies. Other company estimates are based largely on Svenska Spel's regular market analysis.

Operations controlled by mandate

Svenska Spel's mandate from the owner stipulates it is now to adopt a prudence principle with even greater emphasis on gaming responsibility.

Svenska Spel is a limited liability company wholly-owned by the state. The principle is the Ministry of Finance, which formulated the 2008 Svenska Spel mandate.

Mandate emphasises responsibility and prudence

The mandate's wording (see page 1) is the same as earlier with one exception. An addition has been made specifying that Svenska Spel is obliged to adopt a prudent approach to new games and new markets. This means that Svenska Spel shall, when introducing new games or entering new markets, implement protective measures, observe the limitations and take the prudential measures otherwise required to prevent, hinder or counteract the risk of negative social consequences for consumers and the community.

The mandate forms the base of Svenska Spel's vision, objectives and for the three overall strategies: First choice of players, Responsibility before profit, and Sustainable development and stakeholder dialogue.

Mutual values to prevail

Development of an effective value base is the foundation of the company culture. In employee's contact with players and other stakeholders the brand receives content. It is therefore important that each and every person in the Company understands and behaves in line with the organisation's values. The interplay between brand-related activities and values is important, and they are not to be treated as two separate processes.

The gaming market has changed significantly in recent years and the content of the Svenska Spel mandate has to some extent also changed. In conjunction with the Company's market position, makes it particularly appropriate now to review the values.

The time is now right for Svenska Spel to ensure that all employees have a shared idea of what the Company stands for today and what it should stand for in the future. For this reason Key Management initiated a project in early 2008 to ensure that the prevailing corporate culture and values are in harmony.

The entire Group is currently involved in a survey to evaluate employee attitudes to the value base and how it works on an individual basis in daily operations. The result should provide a control instrument for management and help spread understanding of the mandate throughout the Group as a whole. ■

Values and culture

The value base programme has been initiated with a survey of all employees to help compare the current corporate culture with the desired culture. There has been a high level of commitment with over 70% participating.



Mission

To sell a range of exciting and entertaining games with cash winnings in a convenient, responsible and secure manner.

Vision

We shall, in a responsible manner, create the most attractive games which provide entertainment to players and are of benefit to the community.

Values

Commitment – Professionalism – Responsibility – Awareness



Svenska Spel's strategies emphasise the importance of meeting customer demand with integrated gaming responsibility and a responsible attitude that otherwise balances the commercial focus.

Objectives and strategies

In the long-term objectives and strategies that govern Svenska Spel's business, as much balance as possible is sought between gaming responsibility and commercialism.

As a consequence of the revised mandate provided by the owners at the 2008 AGM, the Company's long-term objectives, strategies and organisation have been reviewed.

Long-term objectives in the "long-term mission"

The entire Svenska Spel organisation is working towards the "long-term mission" based on the mandate. The long-term mission provides long-term objectives for the Group, the purpose being to ensure all activities share the same direction. The Board has set a long-term mission for the Group as a whole with a ten-year perspective:

Svenska Spel will in ten years time, regardless of the form of regulation, remain a reliable, responsible, secure and efficient gaming company with a market share of the total Swedish gaming market of not less than 50%, thus maintaining profits at the 2007 level.

This will be achieved by:

- Providing a superior service and gaming experience in all business areas, in which responsible gaming is a natural part of player experience.
- Develop competitive and in-demand products and distribution forms with gaming responsibility and gaming security as an integrated aspect.
- Develop innovative, world-leading responsible gaming in balance with other development.
- Be a market leader in secure game management.
- Strengthen the brand so it conveys the Company's leading position in responsible gaming and community value.
- Strengthen customer relationships and intellectual capital.

Svenska Spel's strategies

Svenska Spel has three overall strategies based on the mandate: First choice of players, Responsibility before profit, Sustainable development and stakeholder dialogue.

These overall strategies emphasise the importance of meeting customer demand with an integrated responsible gaming content and a responsible approach that is otherwise in balance with the commercial focus. Svenska Spel's commercial focus is always to be considered in light of the owner's responsibility requirements in the mandate.

First choice of players

Svenska Spel operates in a commercial market with competition from other regulated operators as well as foreign operators which offer games on the Swedish market.

Svenska Spel must ensure that players are offered products, services, gaming experiences and security that means it is perceived as having an attractive range and helps it retain its leading role in the Swedish gaming market. In this light, Svenska Spel's gaming responsibility measures represent a commercial success factor.

In the current gaming market it is a difficult balancing act to succeed in running effective gaming responsibility, channelling gaming to Svenska Spel's more secure environment and retaining market share. The Company faces high expectations that it will make wise, judicious and balanced decisions that take the many factors into account that may affect its competitiveness. Managing this balancing act is the key to maintaining credibility.

Svenska Spel therefore needs a commercial strategy that is connected to the owner's mandate and the ten-year mis-



sion based on its mandate. The strategy is based on Svenska Spel being perceived as being the most attractive alternative for players. The ambition is to retain market position through being the first choice for players.

Responsibility before profit

A balance between responsibility and profit is sought in all commercial activities at Svenska Spel. When priorities must be set between responsibility and profit, responsibility is to come first; a decision usually associated with game development and marketing. From a strategic perspective, this means that Svenska Spel will not lead the development of new gaming forms that risk an increase in problem gaming. On the other hand, the Company is to offer a more credible alternative if another operator develops such a gaming form that is expected to have an impact on the gaming market. Svenska Spel is restrictive in its advertisements for

Vegas, casino games and internet poker. Before developing a new product, an evaluation is always to be made of the potential risks with which it is associated.

Sustainable development and stakeholder dialogue

Svenska Spel is to contribute to long-term sustainable development through running a business that delivers a significant surplus to community programmes, while at the same time managing the associated risks in order to minimise the negative impact on the community and private individuals.

The CSR Report on pages 29–62 reports all material information regarding the practical results of the strategies and Svenska Spel's work with gaming responsibility, sustainable development, stakeholder dialogue, environment, security and employees. ■

Business areas close to Management

To bring the business closer to Key Management, the previous divisional level has been removed and four large business areas established. The new organisation is effective from 1 December 2008.

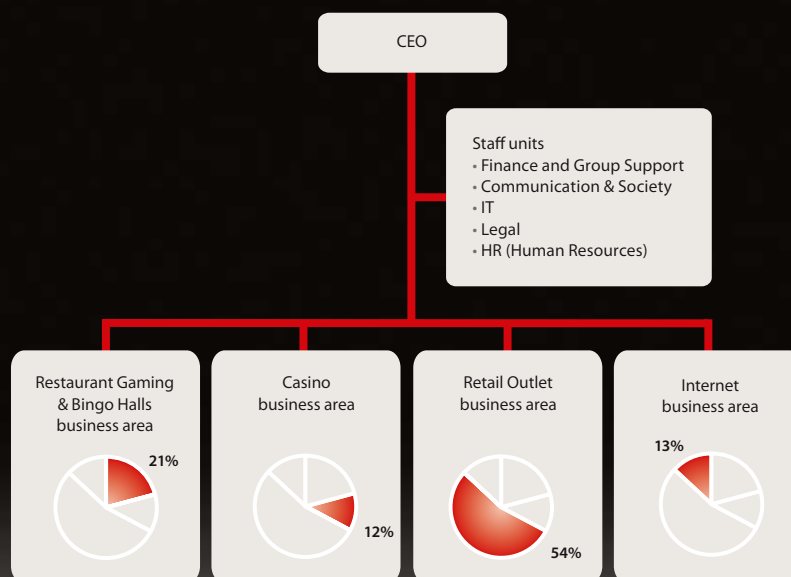
The Svenska Spel organisation previously consisted of two divisions with underlying business areas and a number of staff units.

A new organisational structure is effective from 1 December 2008. The divisional level has been removed to bring the business areas and Management

closer together. Having four business areas, whose managers are part of Key Management, will facilitate more efficient control of the business.

The four business areas are Restaurant Gaming & Bingo Halls, Casino, Retail Outlet and Internet.

New organisation from 1 December 2008



The diagram indicates the split by business area of Svenska Spel's total net gaming revenue.

The previous Bingo Halls business area is now a sales area in the Restaurant Gaming & Bingo Halls business area.

The Retail Outlet business area consists of three sales areas, Retail Outlet, Association and Subscription, along with a Market and Product Strategy department which is responsible for marketing and product development.

Development and operation of the Spelkort customer loyalty card, which was previously separate, has been merged into a single department under the Internet business area.

Several changes at management level

At the AGM in April 2008, Margareta Winberg assumed the position of new Chairman for Svenska Spel. Following the departure of CEO Jesper Kärrbrink in May, Anders Hägg has acted as President and CEO in conjunction with his normal role as CFO.

Recruitment of a new CEO for Svenska Spel has taken place during the year. In December 2008, Meta Persdotter was appointed new CEO and took up the position on 1 February 2009. ■

Surplus used for **community benefit**

Svenska Spel's mandate is to offer the Swedish population safe, secure and entertaining gaming. A positive consequence of this is that a substantial financial surplus is created – money that benefits movements for children and youth as well as the state treasury.

Svenska Spel's gross gaming revenue for 2008 was SEK 22,559 million (21,499), an increase of 4.9%. Net gaming revenue, which is gross gaming revenue less paid winnings, increased to SEK 9,804 million (9,598) or 2.1%. That the percentage increase in net revenue is less than the gross increase is due to the increase in total paybacks to players.

Profit to the state, sports and NGOs

In 2008, the Svenska Spel Group generated a profit of SEK 5,108 million (5,247). The profit is entirely channelled back to the Swedish community, more specifically to NGO and sporting movements' local activities for children and youth, and to the state treasury. A portion of the revenue from Penninglotten is used for cultural purposes.

Svenska Spel is often associated with sport, partly due to its well-known sports betting but also to its broad sponsorship of sport. That the sporting movement receives so much of its income from Svenska Spel profit is not as well understood by the public.

Winners shared SEK 12.8 billion

Some 83% of the adult Swedish population games at some time during the year. Of them, 73% are Svenska Spel customers. Gaming is a pleasure for most, a little extra excitement and an entertaining break from daily routines. Often it is also something done with friends and colleagues, the shared dream being that a small stake pays off many times over.

In 2008 Svenska Spel (excluding Casino Cosmopol) paid out profits of SEK 12,754,150,393 (11,900,925,064). Of this, 308 winnings (292) were worth over a million SEK. The biggest winning of the year was in May when a winner from Saltsjöbaden won Drömvinsten – seven right on Lotto and two right on Joker on the same ticket – and could cash out SEK 134,703,155.

Svenska Spel seen everywhere in Sweden

Svenska Spel has retailers and business partners spread throughout the entire country, where the revenues and customer flow generated by gaming are often very significant for the business.

Svenska Spel puts a lot of emphasis on developing cooperation and dialogue with retailers and business partners. Its presence in more than 9,000 retail outlets, restaurants and bingo halls makes its operations visible throughout the entire country.

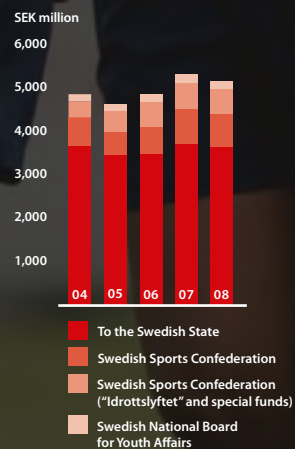
Brain research receives support

Svenska Spel's presence in the community is also evident in other ways. In September 2008, a partnership was started with the Swedish Brain Foundation, which will receive SEK 5 million annually over five years to help finance key research into brain dependency conditions. The purpose is to learn more about how dependency conditions arise and how they can be prevented and treated. ■



Profit allocation 2004–2008

Svenska Spel's 2008 profit was SEK 5,108 million (5,247), a decline of 2.6%. This surplus is allocated between non-government and sports organisations for children and youth, and the public treasury. The Swedish Sports Confederation received a total of SEK 1,338 million (1,394), the National Board for Youth Affairs received SEK 182 million (196), the amount earmarked for cultural purposes was SEK 217,000 (311,000) and the remaining portion, SEK 3,587 million (3,657) went to the state treasury.



Brand reinforced by responsible gaming

Svenska Spel's brand is one of its most important assets. Brand content is created through the fun of using the gaming products, security and care in our gaming responsibility, and in our partnerships with sport.

Following a specific strategy, Svenska Spel has endeavoured to create a positive content for the brand over the past three years. The Svenska Spel winner symbol has been an integrated part of its product logos since 2006, and has helped significantly improve the recognition of Svenska Spel products. It has also led to Svenska Spel becoming seen to a greater extent as guarantor for the game, and an increase in the general public's positive perception of Svenska Spel. Today, 59% of all Swedes say they are positive or highly positive towards Svenska Spel with only 9% being negative.

The single most important part in building the brand is the process to prevent people developing unhealthy gaming behaviour, which we call responsible gaming. This work permeates the operations of the entire Company. Our goal is that the majority of the Swedes perceive Svenska Spel to be a company that cares more about the player than any other company. Svenska Spel's responsible gaming programmes have gained international attention and its knowledge is in demand by gaming companies in a number of countries.

Ethical marketing of games and "Spela lagom"

To be the first choice of players is one of the Company's key strategies. One of the key success factors for achieving this is to have attractive but balanced marketing. To maintain market leadership and hold its own in the competition, Svenska Spel therefore markets its products. Internet poker, the casinos and Vegas are marketed restrictively. In 2008 Svenska Spel has balanced product marketing with marketing of its responsible gaming. Under the challenge "Spela lagom" (Game in moderation), information about the importance of setting clear limits for gaming have reached the Swedish population through TV, print media, and internet. Svenska Spel marketing is always to follow the Company's ethical guidelines, which are significantly stricter than

required by the marketing law. A review of the tone and content of the marketing is always made to ensure that it meets the quality and values that Svenska Spel represents. The Advertising Association of Sweden annually awards the best advertising campaigns in the country. One of the advertising films for Oddset, "The Stick", won this year's most prestigious prize: the Golden Egg Award in the advertising film category.

Svenska Spel and its sports partnerships

The sporting connection is extremely important to Svenska Spel's brand as well as for its sports betting, the popularity of which is based on interesting gaming objects and Swedish sporting success. Through the billions of kronor that Svenska Spel pays to activities for children and youth in Swedish sports clubs, the Company has a unique position. Svenska Spel is also the main sponsor of five sports: football, ice hockey, handball, bandy and indoor bandy. All contracts were extended in 2007 and 2008. Svenska Spel's sponsorship of Swedish football is its major partnership agreement. The new agreement includes a special investment in Swedish women's football. Svenska Spel is doubling its payments to women's football, thus creating a lot of added value for both parties. Other core aspects of the agreement include gaming in arenas and more focus on Fair Play.

Which sports do we want?

In December 2008, an agreement was made between Svenska Spel and the Swedish Sports Confederation worth SEK 60 million over three years. The money is to be used for a special elite programme as well as a vision and value-based project called "The world's best sport". The objective is to strengthen the position of sport and the positive values that sport spreads in the community. It is about creating healthy values at grassroots level with a focus on pleasure, participation, the right of all to take part, and good sportsmanship. ■

Varied and national product range

Svenska Spel offers some twenty different gaming forms and has a distribution network that covers the entire country.

Svenska Spel will go on developing, introducing and marketing competitive products that consumers want and that also meet the high demands for responsible gaming that are part of its mandate. The scope of product development is dependent on how the future gaming market and competitive situation looks. A prudent approach is applied to product development by always weighing up whether the product carries the risks of negative social consequences for consumers. If there is considered to be a risk, an evaluation is made of the alternatives for continuing to develop the product and launch it. External experts are sometimes consulted to make this judgement.

Over time – depending on how the gaming market develops – the Company may also need to raise payback levels on certain gaming forms to provide a credible alternative to other gaming companies.

International cooperation

Creating international cooperation between regulated gaming companies is a strong trend at the moment, but nothing new for Svenska Spel. The numbers game Viking Lotto has for many years been a partnership between gaming companies in Sweden, Norway, Finland, Denmark, Iceland and Estonia. The Stryktips pool includes players from Denmark and Iceland as well as Sweden. The same applies to ATG which has a substantial income from international gaming. The most recognised gaming collaboration in Europe is Euromillions (a joint Lotto in Great Britain, France, Spain and Portugal).

Internationally prized knowledge

Svenska Spel has a good reputation outside the country. The World Lottery Association – an association of some 130 gaming companies from 76 countries – presented Svenska Spel with two awards in 2008: one for responsible gaming and one for training of retailers and business partners in responsible gaming. Casino Cosmopol was through its goal-oriented responsible gaming efforts in 2008 nominated for the award “Socially Responsible Casino Operator of the Year” by International Gaming Awards. The Company’s knowledge of gaming in general and gaming responsibility in particular are thus in demand. Within the terms of its mandate, Svenska Spel is able to sell its knowledge along with the rights to such tools as Playscan.

What do our customers say?

43% of the 640 customer responses consider it very good that svenskaspel.se has introduced a weekly budget, 10% consider it bad or extremely bad.

Source: Customer survey conducted on svenskaspel.se by Svenska Spel, 2008



Who is gaming?

The player base for sports betting and Vegas has grown increasingly older over the past five years. Lotteries and number games have been more stable, even if this trend is also towards an older player base. Younger players are mainly present on the fast internet games.

Source: Market survey conducted by Svenska Spel, 2008

More responsible gaming than new products in 2008

Svenska Spel's only new product in 2008 was the Lucky Star lottery. Focus has instead been on the responsible gaming programme and security and responsible gaming improvements: more test visits and age limit controls at retailers and business partners, the Playscan tool, age verification on Vegas, the new Spelkort loyalty card, tighter security at casinos, weekly budgets for all players on svenskaspel.se, etc. In 2008, svenskaspel.se also received a new design.

Broad game portfolio

Svenska Spel has a broad range of games in the product groups Number games, Lotteries, Sports betting, VLTs (video lottery terminals), Casino games and Internet poker.

The main number games are growing

With sales of SEK 2,815 million (2,671), number games represent a major part of Svenska Spel's total net gaming revenue of SEK 9,804 million (9,598).

Lotto and Joker have developed well in 2008. A partnership started with the retail chain Ica during the year means Lotto and Joker are now sold in store checkouts. Keno is also growing after being expanded in January with Keno 1 and 11 winnings levels, with possible winnings of up to SEK 15 million. In October, the new Keno Special packaging was launched.

Bingo interest has increasingly moved to internet in recent years, with fewer choosing to play in traditional bingo halls.

Sweden's share of net gaming revenues on Viking Lotto has declined in recent years, a trend that continued in 2008.

Triss by far the biggest lottery

The Lottery product group – with Triss as the flagship product – showed a decline in net gaming revenue to SEK 1,963 million (2,008).

Triss increased slightly in 2008 while Penning, Tia, Skrap-Spel and Diamantfeber declined. The new Lucky Star lottery has not yet gained a real foothold after its introduction.

Sports betting focused on

European Football Championship

Despite major events such as European Football Championship and the Summer Olympics, net gaming revenue for sports betting declined to SEK 1,419 million (1,449).

The biggest sports game, Oddset, showed positive development in live betting as did the betting forms Mixen and Matchen. Gross gaming revenue for Oddset and the biggest betting form, Lången, increased strongly, although net gaming revenue declined due to high paybacks on winnings. Oddset Direkt is a package of quick games on the most current betting objects on Lången, Matchen and Bomben that was introduced in conjunction with European Football Championship. The Oddset Scorecast game was also released in summer 2008.

Last years' new pools product was Topptipset. The game was popular with bettors and brought in more than SEK 1 million weekly in 2008. This was not sufficient however to compensate for the declines in Stryktipset, Europatipset and Måltipset, which meant that the football pools declined in total. Various other stake alternatives were introduced during the year on Stryktipset and Xpertén (randomly generated rows) on Topptipset.

Vegas the single biggest game

Svenska Spel has a monopoly on the gaming forms that are deemed to carry the greatest risk of causing problems: VLTs (video lottery terminals) and casino games. Svenska Spel's VLT called Vegas is thus the only kind of gaming machines allowed in Sweden with the exception of the slot machines in Svenska Spel casinos.

Net gaming revenue on Vegas VLTs in 2008 was SEK 2,011 million (1,932). This makes Vegas the gaming market's single biggest gaming form despite widespread competition from illegal VLTs. Stakes and winnings on Vegas are limited. Stakes of SEK 1–5 can be made per game and a single winning is maximised at SEK 500.

Slots are the most popular casino games

Svenska Spel also has a monopoly on casino operations in Sweden. At Casino Cosmopol – in Stockholm, Gothenburg, Malmö and Sundsvall – casino games is offered with international rules: roulette, card games and dice games along with slot machines. Total net gaming revenue in 2008 was SEK 1,244 million (1,153). The most popular games are those in the slot machines, which represent 60% of total revenue.

Poker still popular

Both svenskaspel.se and the casinos offer poker games. The casinos arranged a number of popular poker tournaments in 2008 and poker interest in casinos continues to increase. The internet poker boom of the four last years has subsided, but the game is still the most popular on svenskaspel.se despite a small decline in net gaming revenue to SEK 372 million (385).

Business and sales areas provide full coverage

Svenska Spel receives gaming customers through various business areas: Restaurant Gaming & Bingo Halls, Casino, Retail Outlet (sales areas Retail Outlet, Association and Subscription) and Internet. In retail outlets and restaurants, customers meet Svenska Spel via retailers and business

Forskare övertygad

Exakt så här mycket är lagom:



Sverige har miljarder olika lagom. I alla fall enligt Mark Griffiths, en av världens ledande spelforskare som slår fast att vårt ursvenska begrepp är både fågel, fisk och mitternellan. Helt beroende på vem du är.

Oversatt till spel om pengar lyder hans råd: Klarar du av att spela för så mycket som du tänkt dig från början – ja då spelar du precis lagom. Kännan i hans resonemang är att egna gränser är de enda vi riktigt respekterar, medan rebellen i oss gör allt för att bryta gränser som andra bestämmer.

På Svenska Spel nickar vi instämmande och utvecklar ständigt nya, frivilliga verktyg i hans anda. Som hjälper dig att hålla den gräns du satt upp på din nivå.

En säkerhetsreflex som 98% av våra spelare har i ryggraden. Men som andra, djupt inne i spelet, har svårt att aktivera vilket kan kräva en påminnelse ibland.

Så att spelet förblir ett nöje och glaset inte svämmar över.

Du vet väl förresten att vi kraftsamlat all vår kunskap och alla våra hjälpverktyg på ett och samma ställe? På en sajt som maximerar tryggheten för dig som nöjespelare och gör livet enklare för dig i riskzonen.

Välkommen dygnet runt till spelalagom.se

SVENSKA SPEL

Did you know?

Svenska Spel's marketing is always to observe its own ethical guidelines, which are significantly stricter than the Marketing Practices Act. A number of campaigns with information on moderate gaming ("Spela lagom") were run on TV and in the press in 2008.

partners. In the other sales channels, customers are in direct contact with Svenska Spel with no third party interface. In total, Svenska Spel has a countrywide service – even in rural areas.

Svenska Spel makes high demands on gaming responsibility of its retailers and business partners. Extensive information on campaigns for age limits, risk management and security is available in the CSR Report on pages 29–62.

Restaurants have only Vegas

Svenska Spel works with 2,229 (2,249) restaurants and bingo halls (including the seven BingoLive halls run by Svenska Spel) that operate Vegas VLTs. In these premises, 6,818 Vegas VLTs (7,014) are installed. The age limit for playing on Vegas is 18 years.



Corporate “Spelkort” customer card

Spelkort is a key part of the Svenska Spel brand. The aim is to ultimately offer a card that comprises Svenska Spel's total gaming range.

The Spelkort card could then be used for gaming on all Svenska Spel gaming forms and in all distribution channels, where it is technically possible or where regulations permit it. A corporate customer card of this nature would enable Svenska Spel to run a responsible gaming programme across the Company with a unified offer to customers regardless of where or what they choose to play.

New Spelkort takes over

A major long-term development programme is working to prepare the introduction of the Spelkort card in all channels. An initial step was taken in October 2008 when a new card was sent out to the 1,124,853 existing Spelkort customers. The new Spelkort will systematically replace the old one during 2009.

The card is personal and can be applied for on svenskaspel.se and at retailers; it is free and only available to Swedish residents older than 18.

Winnings monitoring included

A major advantage of the Spelkort card is that customers don't miss any winnings if for some reason they can't present their gaming ticket. The single highest winning that was “rescued” by the Spelkort card in 2008 was SEK 920,603. The card also provides players with results tracking, offers, competitions and other benefits.

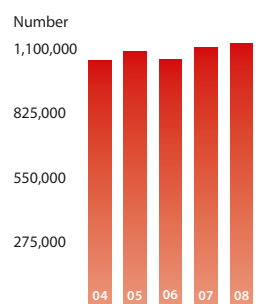
A must on svenskaspel.se

The Spelkort card is compulsory when gaming on svenskaspel.se and on mobile phones. The card also gives customers access to Svenska Spel tools to help them to keep track of their gaming, particularly Playscan on svenskaspel.se. At retail outlets, singles and doubles on Oddset must be registered on the Spelkort card; for other gaming it is optional. Almost 60% of sales in retail outlets is from customers who have registered their gaming on their Spelkort card.

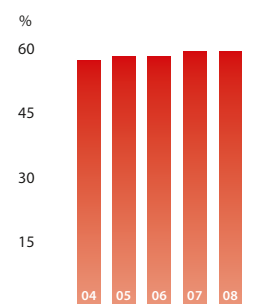
Spelkort cannot currently be used when purchasing lotteries via channels other than svenskaspel.se. Nor is it valid when gaming on Vegas VLTs or at casinos. Spelkort can also be issued at Svenska Spel bingo halls while they are still running and is compulsory for gaming on bingo terminals.



**Number of customers
with Spelkort card**



**Share of sales registered on
Spelkort card at retailers**





Net gaming revenue in 2008 was SEK 2,011 million (1,932), which was approximately 21% of Svenska Spel's total net gaming revenue of SEK 9,804 million (9,598).

Svenska Spel is restrictive in marketing Vegas, and most campaigns are preceded by extensive protective measures to avoid the emergence of problem gaming. Age verification is being gradually introduced on all VLTs. In addition, various types of age checks are made regularly. Svenska Spel's business partners are made aware of responsible gaming through training, information and reminder campaigns.

Seven BingoLive halls in 2008

In Sweden, the profit from some 90 bingo halls around the country goes directly to local clubs. In 2008, seven of them were run by Svenska Spel under the name BingoLive under licence of the local county councils.

Some 90% of the profit goes directly to the clubs and associations that are associated with each of the halls. Net gaming revenue for bingo gaming was SEK 33 million (4) in 2008.

The seven bingo halls at the end of 2008 were in Fridhemsplan and Hötorget i Stockholm, in Sundbyberg, Skärholmen, Högdalen, Jönköping and Borås. Along with three different types of bingo games, the halls provide cafés and a total of 35 Vegas VLTs. The age limit is 18 years. In December 2008, Svenska Spel decided to close this business in 2009 and start finding other operators willing to continue running the halls on behalf of the sports clubs.

Casinos attract more visitors

In 2008, visitors to the four casinos – in Stockholm, Gothenburg, Malmö and Sundsvall – increased to 1,189,800 (1,153,661). Net gaming revenue was SEK 1,224 million (1,153), which represents approximately 12% of Svenska Spel's total net gaming revenue.



There is a high level of gaming responsibility and security at the casinos. In order to provide guests with world-class service and responsible gaming, various training programmes are run for all personnel. Responsible gaming information and clocks are shown in the new multimedia system. A new security system has been installed and non-cash payment system introduced with tickets instead of coins in the slot machines. Casino Cosmopol has a 20-year age limit, applies a stricter alcohol policy than restaurants in general and provides international casino gaming under secure and controlled forms.

Retail outlets sell most

Svenska Spel has 6,811 retail outlets (6,385) – retail chains, supermarkets, department stores, betting agencies, etc. They represent SEK 5,235 million (5,307) or 53% of Svenska Spel's total net gaming revenue. Net gaming revenue for the Retail Outlet sales area declined by 1.4%, primarily due to the decline in lotteries and Stryktipset as well as high paybacks on Oddset, while Retail Outlet's gross gaming revenue of SEK 11,235 million (10,984) increased by 2.1%.

In-store gaming most common

In-store gaming remains prevalent amongst 89% of players, while 11% game on internet. Even amongst internet gamers, retail gaming still dominates although an increasing number are selecting internet.

Source: Market survey conducted by Svenska Spel, 2008

2,801 retail outlets (2,865) have most of Svenska Spel's sports betting, number games and lottery products in their range. Of these, 871 are in rural areas or small towns. Svenska Spel has a lower profitability requirement for these stores than for other retail outlets.

3,855 (3,520) retail outlets only sell lotteries. An additional 155 retail outlets now sell quick-pick Lotto at the checkout belonging to the retail chains of Ica, Pressbyrå and 7-Eleven. 89% of Svenska Spel customers choose to play in-store.

In 2007, the Reitan Servicehandel retail chain started the sale of Lotto and Joker in Sweden at its Pressbyrå and 7-Eleven checkouts. In 2008 Svenska Spel started a similar cooperation with Ica. This means retail customers can now purchase quick-pick games of Lotto and Joker at the checkout in these stores and have a chance of winning the huge Drömvinsten (Dream Winning) which is the result of seven correct on Lotto and one Joker winning on the same ticket.

The responsible gaming requirement is strict and widespread training of retailers is being held. In 2008, Svenska Spel received the World Lottery Association's (WLA) award for best gaming company in the field of retailer training in responsible gaming. Retail outlets have an age limit of 18 years for all gaming forms other than lotteries. Games on singles and doubles on Oddset must be registered with the Spelkort customer card. Checks that retailers comply with age verification rules are made via anonymous test visits by external suppliers. Sanctions are implied on repeatedly negligent age control, gaming on credit, presence of illegal VLTs or other breach of contract. The retailer may be temporarily suspended, or in more serious cases the contract terminated. In 2008, 39 retail outlets were suspended due to negligent age control and 31 lost their Svenska Spel agency due to serious breach of contract. 25 of these were due to the presence of illegal VLTs on the premises.



Svenska Spel's gaming forms, net gaming revenue and sales channels

	Net gaming revenue							
SEK million	2008	2007	Restaurants, etc.	Bingo halls	Casinos	Retail outlets	Non-profit associations	Internet
Sports betting								
Oddset	705	715				●		●
Stryktipset ¹	394	441				●		●
Europatipset ¹	139	147				●		●
Måltipset	121	134				●		●
Topptipset	60	12				●		●
Number games								
Lotto	1,463	1,393				●		●
Keno	631	590				●		●
Joker	456	437				●		●
Viking Lotto	46	49				●		
BingoLive on internet and Pick 'n' Click	186	183						●
Limbo	—	15				●		●
BingoLive in bingo halls	33	4		●				
Lotteries								
Triss	1,681	1,672				●	●	●
Tia	119	144				●		●
Skrap-Spel	111	131				●		●
Penninglotten	12	13				●		
Other lotteries	40	48				●	●	
VLTs (video lottery terminals)								
Vegas	2,011	1,932	●	●				
Casino games	1,224	1,153			●			
Poker								
Poker on internet	372	385						●
Livepoker ²					●			
Total	9,804	9,598						

1. Including Dubbelvinsten

2. Included in Casino games





Mehmet Kara from Stockholm's Haga restaurant was awarded Vegas Responsible Gaming Partner 2008.

Galas mix business with pleasure

The process of strengthening ties between retailers and business partners and creating meeting places continues. The biggest and most festive occasion is the annual Svenska Spel "Oscar Galas": The Retailer Gala and the Vegas Gala.

10th anniversary of Retailer Gala

Svenska Spel has been arranging its annual Retailer Gala since 1998. During the intense two-day event, the Company meets several hundred retailers who have won their entries in sales and marketing competitions. A number have been selected by the Retail Outlet business area as the best in Sweden in eight categories.

The Retailer Gala is a major event normally held at the Stockholm Globe Arena. In the exhibition area, Svenska Spel sales areas present their business and release new products and concepts. It is a good opportunity to talk with retailers, and share opinions and ideas. Panel debates and information sessions give retailers a unique chance to present their views directly to Svenska Spel Management.

As part of the event, annual awards are presented to the year's best Retail Outlet, Achiever, Numbers Game Retail Outlet, the Competition Retail Outlet, the Sports Betting Retail Outlet, the Creative Retail Outlet, the Lottery Retail Outlet and the Rookie of the Year.

Vegas has own gala

Based on the Retailer Gala, the Restaurant Gaming & Bingo Halls business area holds an annual gala for Vegas business partners who have performed well during the year. The first Vegas Gala was held in 2001, and the most recent was held at Berns in Stockholm. Prizes are awarded to the best performers in five different categories, including Responsible Gaming Partner of the Year.

Lotteries via associations and subscriptions increases

The Association and Subscription sales areas were established in 2008 and by year-end the number of non-profit associations selling Svenska Spel lotteries had increased to 2,401 (1,524) and net gaming revenue via the associations totalled SEK 37 million. By year-end, 44,054 subscribers were having their Triss tickets sent home regularly by post. Net gaming revenue was SEK 9 million.

Redesigned svenskaspel.se with gaming budget

The Svenska Spel webshop, svenskaspel.se, improved the gaming experience with a redesigned and more easily navigated website in 2008. The compulsory weekly budget is a new concept that means players must themselves decide the maximum amount they are prepared to transfer to their gaming account per week. The weekly budget applies to all internet-based gaming and makes it easier for players to ensure their gaming doesn't exceed their budget.

Much the same games are offered on internet as in the retail outlets. There are also a number of gaming forms that are specially adapted to the internet environment: Poker, BingoLive and Pick'n'Click. Poker is the biggest gaming form on svenskaspel.se. In 2008, an inquiry into Svenska Spel's internet poker (SOU 2008:36) was commissioned by the Ministry of Finance. The inquiry concluded that "... – against the background of the knowledge gained during the Inquiry – that Svenska Spel has in all aspects fully followed the terms of its licence and the terms provided supported by the licence."

The investments made in high-quality, interesting coverage of European Football Championship were comprehensive and included knowledgeable web-TV broadcasts from the tournament that were widely appreciated.

Net gaming revenue via internet increased in 2008 to SEK 1,255 million (1,181). This means that svenskaspel.se stands for some 13% of Svenska Spel's net gaming revenue in 2008. Svenskaspel.se has a 31% (35) market share of Swedish net gaming on internet. ■

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Sustainable development for Svenska Spel

Svenska Spel's government mandate clearly highlights the social responsibility that is its core purpose. Sustainable development for Svenska Spel is thus a matter of offering gaming in a socially responsible, commercially ethical and secure manner.

Svenska Spel also aims to reduce its environmental impact and develop its value-based processes. A key part of the work behind Svenska Spel's 2008 CSR Report is the stakeholder analysis made in autumn 2008 to provide an updated view of how Svenska Spel's external stakeholders perceive the company in terms of social responsibility.

Long-term development for Svenska Spel is a matter of maintaining the balance between commercial business and social responsibility at all times. This is achieved through a focus on five key strategic areas:

- Economic responsibility
- Social responsibility
- Ethics and security
- Employees
- Environment

In 2008, Svenska Spel worked to further integrate responsibility issues in the business as a whole. The objective is to deliver a substantial surplus to community projects, while also minimising the potential negative social consequences of gaming. A prudence principle has been adopted when establishing new games and markets. The commercial aspects of the Company's overall objectives have been complemented with a greater integration of gaming

responsibility and gaming security in the business. Commercial efforts are always to be in balance with Svenska Spel's responsibility which means that where priorities must be made, responsibility goes before profit.

As of 2009, gaming responsibility is to be a compulsory part of the product development process. By developing new responsible gaming tools and quality assuring training of personnel and business partners, in combination with clear objectives and effect evaluations, Svenska Spel is to increase the credibility of its social responsibility measures.

Svenska Spel considers it important to have an effective stakeholder dialogue that builds on mutual respect and

WLA Award

In conjunction with the World Lottery Association's congress on Rhodes in October 2008, Svenska Spel was awarded the prize for best gaming operator in the field of responsible gaming. The inaugural "WLA Award for Responsible Gaming Excellence" was awarded to the WLA member deemed to represent "best practice" in the field of responsible gaming.

understanding for the Company's key stakeholders: owners, customers, employees, retailers and business partners, suppliers, authorities, interest organisations, competitors and the local community. Through new forms of dialogue, Svenska Spel wants to create an opportunity to understand stakeholder requirements and meet their expectations and potential concerns. One example of dialogue is the stakeholder analysis that was made in autumn 2008 and is presented on pages 36–37. Another example is the regular breakfast meetings held with Members of Parliament to talk about Svenska Spel's business and create an opportunity for questions and discussion on current responsibility issues. There has been a strong focus on gaming responsibility and security issues at these meetings.

Swedish and international guidelines

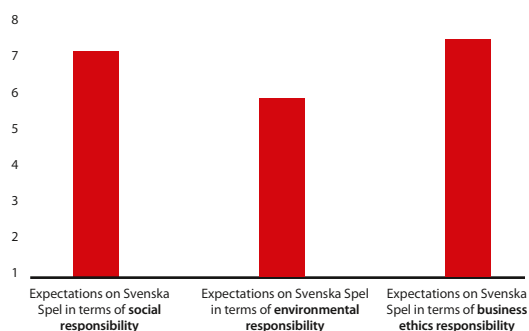
Svenska Spel is affiliated to the World Lottery Association Responsible Gaming Framework, European Lottery Responsible Gaming Code, is a member of the ethical council of the Swedish gaming market (SPER), and is part of the Swedish gaming industry advisory board (OSS).

More information in Swedish is available on svenskaspel.se under Om Svenska Spel.

The Company's CSR (Corporate Social Responsibility) & Public Affairs department, which is part of the Group staff unit Communication & Society, is responsible for developing overall policies, strategies, processes, tools and key indicators for ethics and responsibility issues. The CSR department also has overall responsibility for the annual CSR Report. ■

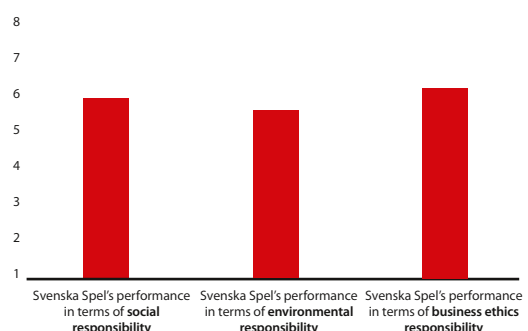
Expectations

Interviewees graded their expectations of Svenska Spel on an eight-point scale, with 1 being no expectation and 8 being an extremely high expectation.



Performance

In the interviews, the respondents graded Svenska Spel's performance in terms of the responsibility taken in individual areas on a scale from 1 to 8, where 1 is none at all and 8 is optimal.



In the stakeholder analysis performed by Intellectual Capital in autumn 2008 on behalf of Svenska Spel, it emerged that stakeholders agreed there is a high level of expectation on Svenska Spel particularly in terms of community responsibility and commercial ethics responsibility.

Overall strategies

In conjunction with the 2008 AGM, the owner added a supplement to the Svenska Spel mandate that "Svenska Spel is to adopt a prudence principle to new games and new markets". Svenska Spel management performed a major review based on this revised mandate.

A comprehensive analysis and interpretation of the mandate was made.

The intention was that the interpretations should provide guidance for internal strategy. Management's interpretation of the owner's mandate was presented to the Board in late May 2008 and following in-depth discussion, was backed by the Board.

This decision led to a revision of Svenska Spel's long-term objectives with a greater emphasis on the integration of gaming responsibility and gaming security in the commercial business. ■



The commercial focus is to always be in balance with Svenska Spel's responsibility

Shared values

Shared internal values are the basis of Svenska Spel's responsibility and sustainability work. An in-depth values programme has thus been started in 2008 and will continue in 2009, the intention being to clearly and firmly establish the shared values within Svenska Spel.

Svenska Spel's ethics policy is the base of all responsibility measures and summarises the overall guidelines for responsible behaviour internally as well as externally. Svenska Spel also has responsibility, in the environments where it operates, for its employees, business partners and retailers, and the general community. The ethics policy is based on the principles of the UN Global Compact which comprise human rights, working conditions, business ethics and environment.

The general principles in the ethics policy support the aim to be leaders in responsible gaming by conforming to the World Lottery Association's Responsible Gaming Framework and the European Lotteries' Responsible Gaming Code. The ethics policy also specifies that money laundering and other criminal activity is to be counteracted, and underlines the importance of Svenska Spel operations being run with high integrity and moral standards.

The ethics policy was issued by the Board in 2008. The process of integrating Svenska Spel's values and observing the policy has commenced. Great importance will be placed on value-driven processes in 2009. ■

“Svenska Spel’s commitment is needed in the gaming industry”

says Mike Randall, Chairman of the World Lottery Association’s Awards

“My philosophy is simple. A genuine commitment to Corporate Social Responsibility is really only an expression of good, healthy business. Get to know the market, your customers and other stakeholders. Find out what expectations they have and adapt your business accordingly”.

Comments by Mike Randall, who was Chairman of the independent jury that, on Rhodes in October 2008, awarded Svenska Spel the World Lottery Association’s Award for Responsible Gaming Excellence.

Why is it important for the gaming industry to work with CSR?

“Because consumers demand it. In recent years they have become increasingly aware of the fact that there is risk, a backside, in virtually every type of business today. It’s not only about the oil, forest and textile industries. The gaming industry is also expected to work proactively to counteract the risks and problems associated with gaming and the business in general.”

Why have gaming customers in particular become more aware now?

“Internet has moved consumer power out to the actual customers. They no longer need to turn to companies or read magazines to get a picture of an industry or certain products. They can ask other consumers with a few taps on the keyboard. They are influenced mainly by the opinions of other consumers and discussions about rights, ethics and sustainability in other industries. Finally they start wondering what’s going on in the gaming industry.”

“In terms of gaming issues there is much greater availability now, partly because there are more operators but also because gaming has been sold on internet in recent years. There is instant access today, the target group is broader and more younger consumers are gaming. This has also put the spotlight on the risks associated with gaming.”



“Svenska Spel has a very, very strong programme for responsible gaming in terms of tools, technology and training. But there are also clear policies, guidelines, objectives and visions for gaming responsibility.”

Why was Svenska Spel selected to win the prize for Responsible Gaming Excellence?

“First and foremost – the companies that participated in the competition were among the best in the world in responsible gaming. We scaled down the presentations into categories such as Player Awareness, Management, Marketing and Retailer and Employer Training and so on. When we then compared the companies we saw quite quickly that Svenska Spel has a very, very strong programme for responsible gaming in terms of tools, technology and training. But there are also clear policies, guidelines, objectives and visions for gaming responsibility. Svenska Spel represents a leadership and commitment to responsible gaming that is needed in the industry.”

“It has succeeded in standing up to the competition on the Swedish market. You even beat the unregulated industry on its own turf where selling is the only thing that counts. But at the same time you can offer responsible gaming in an absolute class of its own.”

How should Svenska Spel manage to stay on top?

“It’s all about anticipating the legislation. Listen to the environment, take in what requirements your customers and partners have and lift the bar higher than the compulsory political level for state companies. No one will be impressed by Svenska Spel ‘meeting its requirements’. Aim to exceed your customers’ expectations and requirements. You’ll then be seen as a company that takes responsibility and soon see that it brings commercial advantages and financial success along with it.”

Mike Randall runs his own communications consultancy. Originally a radio journalist, he has in recent years been involved in CSR issues in the energy industry as well as in his role as Vice President of Social Responsibility and Communications at Atlantic Lottery Corporation (ALC) in Canada.

Example of responsible gaming measures in 2008

January

Svenska Spel's stricter new marketing rules are adopted.

April

The government Inquiry into Svenska Spel's internet poker is presented. It shows that Svenska Spel has followed its licence in all aspects and only a minority of Svenska Spel poker players have problems with their gaming.

May

Decision made to reallocate the marketing budget from sales-oriented product advertising to marketing of "Spela lagom"/ responsible gaming.

May

Roll-out of age verification of Vegas VLTs starts.

2008

February

Age verification on Vegas VLTs is tested.

April

Svenska Spel introduces a broad advertising campaign on TV and in the daily press for moderate gaming, "Spela lagom".

June

The Restaurant Gaming business area makes major progress in its age verification programme with a campaign against underage gaming on Vegas.

Spelforskning avslöjar

Ditt barn är tyvärr ingen Einstein.

En omogen hjärna har svårare att bedöma risker. Vilket gör barn orädda inför branta cykelstup och regnvåta studsmattor – och direkt olämpliga när det gäller folknöjet spel om pengar.

Känd forskning på området bedömer att unga löper 2-4 gånger större risk att få problem med sitt spelande jämfört med vuxna. De saknar helt enkelt förmågan att skilja på slump, chans och sannolikhet. Vilket gör dem väldigt sårbara när puls och insatser stiger.

Inte konstigt alltså, att vi är kinkiga med ålderskollen i våra spelmiljöer – ombud, kasinon och restauranger. På svenskaspel.se kan spelet inte ens påbörjas förrän vi stämt av din identitet och myndiga ålder mot folkbokföringsregistret.

Att vissa nekade 17-åringar kallar oss glädjedödare tar vi gärna, så länge vi hjälper Sverige och kanske någon du känner att spela mer lagom.

Vill du bli klokare på våra åldersgränser? Eller läsa om vårt långsiktiga stöd till Hjärnfonden som ska lära oss mer om hjärnans belöningssystem? Välkommen till spelalagom.se

Vårt "beslutsfattacentrum" i pannloben utvecklas ända upp i vuxen ålder. Men när är det moget för spel om pengar?



SVENSKA SPEL 

June

Test of GAM-GaRD tool, which evaluates a game's features based on a large number of parameters such as speed, skill elements and other factors. The tool is not fully developed and Svenska Spel is participating in its development.

October

Svenska Spel wins the World Lottery Association prize for best responsible gaming and best training for retailers and business partners.

October

Playscan is reviewed.

**December**

Playscan 2.0 launched, including poker. "Support contact" is launched. New "Spela lagom" campaign on TV – focus on 18-year age limit.

September

Svenska Spel signs a SEK 25 million agreement with the Swedish Brain Foundation for the funding of key research into dependency diseases over the coming five years.

September

The follow-up to the responsible gaming tools for poker are launched – a weekly budget for all gaming on svenskaspel.se and mobile phones. This involves the customers setting a limit for the amount they want to transfer to their gaming accounts each week.

October

A new series of the "Spela lagom" responsible gaming campaign starts with TV spots, print advertising in daily newspapers and a major update of the spela-lagom.se site.

**November**

Casino Cosmopol is nominated for the prize "Most socially responsible gaming company of the year".

Stakeholder analysis

In 2005 an interaction with Svenska Spel stakeholders was started with a CSR perspective, which aimed to clarify the needs and expectations within and related to the Company. As public debate on the Company's responsibility intensified it has become increasingly important to understand stakeholder viewpoints.

A key part of the work behind Svenska Spel's 2008 CSR report is the stakeholder analysis made in the autumn to update the view of how Svenska Spel's external stakeholders perceive the company in terms of social responsibility. The interviewees graded their perception of Svenska Spel's performance in terms of responsibility, the strength of development efforts, and the associated risks and expectations.

Social responsibility

How Svenska Spel takes responsibility for the potential negative effects of certain products on the community. Gaming responsibility is a key aspect.

Commercial ethics responsibility

How the Company is governed and run based on ethical and moral aspects.

Environmental responsibility

How Svenska Spel, within the framework of commercial operations, minimises its environmental impact.

Summary of interviews with external stakeholders:

Need

Society

- Support for sport
- Responsible gaming
- Cooperation and dialogue

Environment

- In line with others

Corporate governance / Business ethics

- No violation

Why important?

- Credibility
- Reputation
- Good relations

Key indicators

Continuous stakeholder dialogue with quantitative measurements

Threats

- Negative opinions
- Weakened reputation
- Stricter restrictions

Activities

Society

- Balanced and consistent communication
- Active in community debates
- Driving force in collaboration projects

Environment

- Communicate what is done

Corporate governance / Business ethics

- Make information more easily available

Summary

External stakeholders say Svenska Spel CSR priorities should be:

1. Social responsibility
2. Commercial ethics responsibility
3. Environmental responsibility

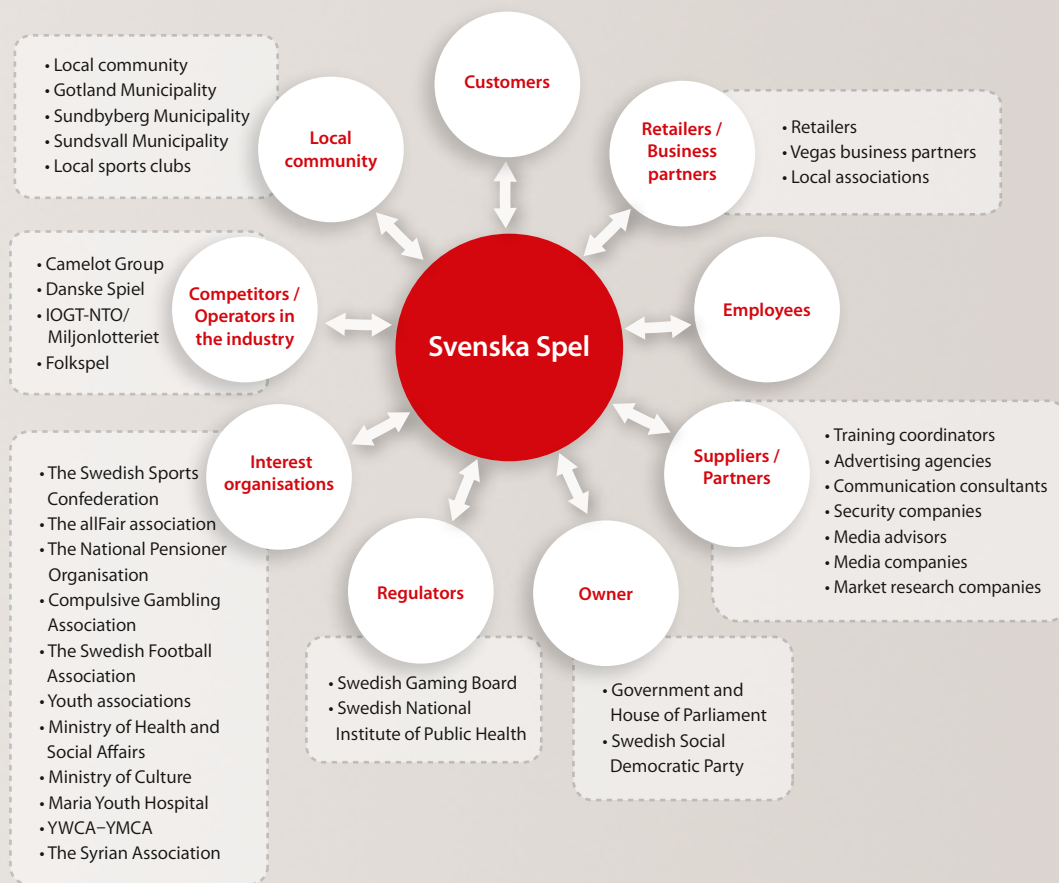
Challenges

- Credibility related to gaming responsibility
- Cooperation for a broader acceptance
- Communication that is balanced and consistent

Svenska Spel stakeholders

On behalf of the Svenska Spel CSR & Public Affairs department, Intellectual Capital Sweden AB conducted in-depth interviews of a number of Svenska Spel stakeholders.

The following external stakeholders were represented in the stakeholder analysis (excluding customers and employees):



The full analysis in Swedish is available on svenskaspel.se under Om Svenska Spel.

Economic responsibility

Svenska Spel's commercial processes are to be in balance with its responsibility measures, which means that when priorities have to be made responsibility is to go before profit.

Strategy

"Svenska Spel's commercial focus should always be in balance with our responsibility. With the objective to be a long-term sustainable company, we strive to be the first choice of players while putting responsibility before profit".

Responsibility before profit represents the base of all commercial work at Svenska Spel and is primarily associated with game development and marketing.

This means that:

- Products considered to be aggressive are marketed restrictively (such as internet poker and Vegas).
- Svenska Spel does not lead the development of new gaming forms that risk an increase in problem gaming.
- If the gaming market demands certain gaming forms, develop these with a solid and integrated gaming responsibility.
- The potential risks associated with new products are always to be evaluated before they are developed.

Activities and results

Weekly budget

Svenska Spel introduced compulsory weekly budgets in 2008 for all internet and mobile phone gaming. Customers must set a weekly budget for the amount that may be transferred to their gaming account.

When Svenska Spel reviewed the weekly budget, it became apparent that customers play for less than before its introduction, but that they continue gaming on Svenska Spel's internet site.

An evaluation of the first four weeks indicated an initial setback of SEK 3 million on average. No further evaluation has been made.

Research – the Swedish Brain Foundation

Gaming responsibility is to be based on knowledge. Care and treatment of dependency diseases cost society a huge amount every year. The Swedish Brain Foundation and Svenska Spel therefore started a new partnership in 2008. Svenska Spel has contracted to pay a total of SEK 25 million over the next five years to finance research into dependency diseases and the brain's reward system. The long-term objective for the partnership is to increase understanding of the cause of dependency diseases, how to identify individuals with a high risk of gaming dependency, and how to best prevent and treat dependency diseases.

Poker inquiry

In the government inquiry into Svenska Spel internet poker, presented in spring 2008, it is clear that Svenska Spel's responsible gaming measures are effective. This indicates that the proportion of players with at-risk or problematic gaming habits is significantly less for those who only game with Svenska Spel. The proportion of players with heavier problems, in other words with problematic gaming habits, is greatest amongst those who game only with companies outside the Swedish regulatory system.

The Inquiry states that customers have a positive attitude to Svenska Spel's responsible gaming measures. Eight of ten players think it is good that a limit amount is required for playing Svenska Spel's internet poker. Seven of ten think it is positive time limits have to be set for gaming.

Svenska Spel has followed the terms of its government licence in all respects and is on the right track in terms of responsible gaming.

The poker Inquiry proposed that Svenska Spel offers players tools such as a meter of their accumulated profit and loss position calculated in SEK and minutes. In addition, Svenska Spel is to provide information on its poker site that poker is a game with elements of chance and skill, that it is not permitted to lend customer loyalty cards (Spelkort) to underage players, and that gaming for money on internet may involve risks for youth and young adults. These functions were fully developed in late 2008 and will be released in the first quarter of 2009.

The inquiry has also proposed another innovative responsibility tool that Svenska Spel will introduce during the year.

Premier division football league measurement 2008

An annual measurement is made of how Svenska Spel is perceived amongst the public at the Swedish premier division football league. Arena communication has included brand advertising, a jingle on Svenska Spel profit and information on the large arena screens. The result was better than in 2007.

- Svenska Spel has a strong position in relation to its competitors. Loyalty in the Svenska Spel target groups is at an extremely high 49%.
- 69% considers that "Svenska Spel gives a lot of money to Swedish sport", compared with 61% in 2007.
- 51% considers that "Svenska Spel takes the most gaming responsibility in the Swedish gaming market", compared with 46% in 2007.
- 62% considers that "Svenska Spel is a modern company", compared with 56% in 2007.



Socioeconomic analysis: The price of gaming

There is a great lack of knowledge about the problems and socioeconomic costs associated with gaming. Due to the lack of alternative material, Svenska Spel has calculated the external effects that gaming in Sweden generates in the socioeconomic analysis "The price of gaming".

The calculations are based on methods developed in international studies and use relatively old data. We therefore challenge researchers and analysts to take over where we left off and add to the knowledge of the socioeconomic consequences of gaming as soon as possible.

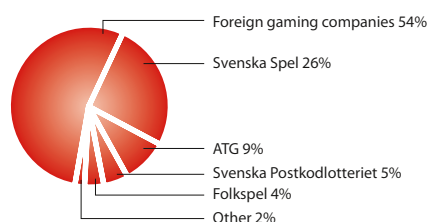
In its analysis, Svenska Spel calculated the direct costs associated with gaming as well as the indirect results that arise from gaming. There is a great deal of uncertainty whether all effects can be calculated. The analysis can be seen as an initial Swedish study. It shows that the socioeconomic costs of gaming in Sweden amount to between SEK 2.3 billion and SEK 4.5 billion. There is a high degree of uncertainty relating to these figures however. The major costs are related to problem gamers being affected by depression and unemployment more than others.

It would be relatively simple to increase gaming revenues and profit by allowing more aggressive gaming and other such measures. Svenska Spel's own efforts to control gaming are intended to limit the number of problem gamers. Having gamers voluntarily set time and monetary limits for their gaming obviously decreases the Company's gaming revenue and profits, but is a way for Svenska Spel to take responsibility for the negative effects associated with gaming.

While doing the analysis, Öhrlings PricewaterhouseCoopers provided regular and constructive criticism on such matters as the use of source material and the readability and structure of the report.

The report in Swedish is available on svenskaspel.se under Om Svenska Spel.

Media investments in the Swedish market 2008 (Share of voice)



This diagram does not comprise advertising on internet, as these figures are not available.
Source: Swedish Institute of Public Opinion Research (SIFO)

Marketing

In 2008, the gaming industry increased its advertising investment by over SEK 200 million to a total of SEK 1.2 billion (according to the Swedish Institute of Public Opinion Research, SIFO).

Almost the entire increase comes from the foreign-based gaming companies that have no licence for their operations in Sweden.

Svenska Spel's gross advertising investments declined in relation to 2007 from SEK 321 million to SEK 318 million. Some SEK 66 million was invested in advertising for responsible gaming – Spela lagom. Svenska Spel's share of the industry's advertising expenditure is currently 26%, at the end of 2007 it was 32%. Expenditure by foreign companies exceeds 50%.

Svenska Spel's Share of voice (media investments) has declined from 54 to 25% since 2004.

Svenska Spel has chosen to not drastically reduce the total amount of its marketing. Such a decision would mean sacrificing market share to operators that mainly market games with high risk for gaming dependency, such as poker and casino games on internet – often with aggressive offers in the form of bonuses, discounts and free games to attract customers. None of these operators have government licences to operate gaming in Sweden. Svenska Spel is highly restrictive in terms of marketing internet poker.

Svenska Spel's ambition is, in accordance with its mandate, to reduce total media investment. The timing and amount depends largely on market development however.

Svenska Spel follows the industry's ethical guidelines for marketing. Svenska Spel tightened its own marketing guidelines on 1 January 2008. ■

Economic value creation in accordance with GRI (indicator protocol EC1)

SEK million	2008	2007
a) Revenue	8,201	8,107
b) Operating costs	-1,842	-1,676
c) Employee benefits	-924	-895
d) Payments to financiers ¹	0	0
e) Payments to the state ¹	-5,247	-4,808
f) Community investments ²	-7	-2
Retained earnings	182	726

Income statement in accordance with IFRS is on page 78.

1. Svenska Spel is owned by the Swedish State, profits are allocated between the Swedish Sports Confederation, the Swedish National Board for Youth Affairs and the Swedish State. The amount pertains to payments made during the year.

2. The Swedish Brain Foundation and Gotland University.
See pages 38 and 48.

Business ethics and security

Svenska Spel is to offer gaming in a responsible and secure manner, which is an assumption for achieving and maintaining the confidence of customers, the owner, and other stakeholders in an increasingly competitive market.

Strategy

Svenska Spel's relationship to customers, employees and business partners is based on the value base that consists of Professionalism, Responsibility, Commitment and Awareness. Good management at Svenska Spel is characterised by self-insight, professionalism, holistic approach, awareness and commitment.

The Company has a policy for promotional benefits which means employees may not receive or offer anything that may affect a business relationship. A benefit may never be received or given if it is so attractive that it may be deemed to affect the receiver and thus the way his or her duties are performed.

This means that:

- Svenska Spel follows the ethical guidelines of the Institute Against Bribes for contact and relationship promoting benefits in business.
- All interaction with business contacts must be generally beneficial to the relationship, occur openly and be of a moderate nature.

Business ethics also cover the private gaming of Svenska Spel employees. The Company's policy on employee gaming states that no employee or director may participate in lotteries or gaming where they have the possibility of affecting the outcome.

There are also policies for purchasing, payment authorisation, external and internal entertainment. Entertainment of personnel may only occur in direct conjunction with seminars, training or in the form of employee parties.

Control and follow-up

Internal audits are implemented regularly in all areas of operation. Reporting is made to the Audit Committee which is part of the Board.

When breaches of corporate policy are identified (by an employee or other individual), there are rules for how this is to be handled. ■

Risk management

Svenska Spel's security work aims to prevent and reduce the effect of injury to the Company. Security thinking is to be a natural part of Svenska Spel's corporate culture. There are policies for Security and Risk management.

Security is a key part of the Svenska Spel mandate. Svenska Spel employs around a hundred people in security and monitoring. At Group level, some ten persons are employed in the Group Security and Risk Management department. Their key role is to protect company assets and actively counteract illegal gaming and fraud. Prioritised security areas are money laundering, illegal VLTs, fraud, robbery and physical protection.

Svenska Spel runs security processes in an ongoing dialogue with judicial authorities in order to counteract money laundering, illegal gaming and other fraudulent activities.

This means that:

- Svenska Spel's operations may not be exploited for money laundering or other fraudulent operation.
- Gaming products are to be designed and gaming profits handled to minimise the risk of money laundering. Gaming profits should not be transferred such that they could be used for illegal purpose.
- Svenska Spel is to ensure that the above principles are also adhered to by retailers.
- All suspected and actual security incidents are to be reported to the Svenska Spel security function for investigation.

Svenska Spel runs a corporate-wide risk management process (ERM – Enterprise Risk Management). The risk management process covers the organisation as a whole. Quarterly

Risk management at Svenska Spel

Svenska Spel works systematically with risk management on a corporate basis. Risks are identified, valued and depending on the outcome, are accepted, reduced, avoided, shared or moved. No unnecessary risks are accepted. The risk management process increases risk awareness throughout the company and provides information that serves as a useful base for decision-making for business areas and management.

Risk analysis

- Identifiable risks
- Estimated risks

Risk evaluation

- Acceptable risk

Risk reduction / control

- Decision-making
- Implementation
- Monitoring and follow-up

risk analyses are conducted in each business area, staff and management unit to locate, follow up and secure measures based on estimates of likelihood and impact of the operational, financial and information-related risks. All employees are to undergo training in policies. 19% of employees have so far been through the training.

Svenska Spel is certified in accordance with the World Lottery Association's Security Control Standard. The standard is administrated by the Security and Risk Management Committee of the WLA. Svenska Spel has also been certified under the international ISO 27001 standard since 2007.

Activities and results

Major incidents

In 2008, four major incidents occurred in conjunction with Svenska Spel operations, including a robbery in a bingo hall, a break-in in a bingo hall, a robbery at a casino and a shooting at a casino.

Money laundering

All casino personnel that handle money are trained in procedures to prevent such operations being exploited for money laundering. Any suspicious activities are reported to the Financial Police.

In 2008, Casino Cosmopol reported 147 suspected cases to the Financial Police.

Illegal gaming machines

Part of Svenska Spel's mandate is to counteract illegal gaming. Retailers with illegal VLTs on their premises have their contracts with Svenska Spel terminated after a warning.

In the Retail Outlet sales area, 1,658 retailers were checked. Of these, 182 had illegal VLTs. All received a warning letter, and the 25 retailers who did not then remove their illegal VLTs were terminated by Svenska Spel.

In the Restaurant Gaming & Bingo Halls business area, "other gaming" was reported to the Swedish Gaming Board. Since September 2008 reports are available of the number of reported incidents. "Other gaming" refers to gaming where there is no permit from the Swedish Gaming Board. Since September, three cases of other gaming have been reported to the Swedish Gaming Board. Of these three, one business partner lost its gaming permit. During the year, 12 business partners have had their gaming permits rescinded due to other gaming.

Fraud

Svenska Spel has a clear mandate to counteract fraud. Svenska Spel cooperates with the police as well as banks and card companies in matters relating to stolen or false cards at retailers and on internet. In 2008 there were 208 cases of card fraud and theft of card identification with internet gaming on Svenska Spel's site.

Gaming on credit unacceptable

Svenska Spel regularly monitors retailer sales. Any indications that gaming on credit is occurring are checked immediately. If there is evidence of gaming on credit, the retailer is immediately terminated. During the past year, Svenska Spel has terminated three retailers for proven gaming on credit.

Focus 2009

- Svenska Spel has since 2008 followed the rules for PCI-DSS (Payment Card Industry Data Security Standard) and will be PCI certified in 2009.
- Ongoing training for appropriate management at Casino Cosmopol in order to identify and counteract any potential money laundering attempts. ■

Social responsibility

Social responsibility is one of the cornerstones of Svenska Spel's business. Svenska Spel has therefore adopted a specific responsible gaming policy.

Strategy

The responsible gaming policy reads as follows:

"We shall work actively to minimise the negative social consequences that can arise in association with gaming operations. This aspiration is given extremely high priority in all operational decisions and should lead to specific measures for effective gaming responsibility."

This means that Svenska Spel is to:

- Provide tools that help players game in moderation.
- Set age limits for games that are particularly sensitive from a responsible gaming perspective.
- Not accept underage gaming.
- Promote healthy gaming environments.
- Follow the ethical guidelines adopted by the industry as well as its own for marketing of games.
- Counteract underage gaming using responsible marketing, information and efficient age controls.
- Cooperate with the voluntary organisations that work to reduce gaming dependency and the harmful effects of gaming.
- Ensure that the above principles are also applied by retailers.

Activities and results

spelalagom.se

An ethical principle for social responsibility is "the principle of well-informed choice". This principle means that customers are entitled to accurate, readily available and understandable information. An important tool is Svenska Spel's moderate gaming site (spelalagom.se) which was released in 2008 to provide customers with tools and information so

they can make well-informed decisions about their gaming. Spelalagom.se had had 22,000 visitors by the end of 2008.

Playscan

Playscan (Spelkoll in Swedish) is one of Svenska Spel's tools to help customers keep control of their gaming habits. Playscan analyses the customer's behaviour and provides advice on what he or she should do if they are starting to develop at-risk gaming behaviour. The service comprises gaming on svenskaspel.se and in-store gaming using the Spelkort loyalty card. Playscan is a voluntary service.

In December 2008 a new version of Playscan was launched with a poker module and simpler user interface, as well as a greater number of customised comments and recommendations related to the player's individual gaming behaviour.

Playscan was launched in 2007, and by December 2008 over 35,000 persons had used it.

Mark Griffiths at Nottingham Trent University (Great Britain), Richard Wood at GamRes Limited (Canada) and Jonathan Parke at The Gambling Lab (Great Britain) have been commissioned by Svenska Spel to perform an evaluation of Playscan. 25% of the 2,300 survey respondents had activated Playscan. The study indicates that 63% of Playscan users feel they are better informed about their gaming behaviour than previously. Some 66% feel more confident that they can play with greater awareness. Approximately 40% consider the service gives them better control over their gaming behaviour. A number expressed frustration over having to set limits in advance for how much they wished to play for. Some 75% of the more than 2,000 customers that participated in the survey were men, the average age was 44.

18-year age limit

All games other than lotteries have an 18-year age limit.

The age limit for casinos is 20 years.

External suppliers are used to check that the age limit is observed in retail outlets, at restaurants and in bingo halls. Retailers or business partners that break the rules risk termination from Svenska Spel. Termination occurs after two controls. In 2008, 1,703 test visits were made at retail and gaming outlets.

39 outlets were terminated due to poor control of age limits and one terminated due to inadequate age control. A total of 2,715 observation checks and 492 test visits were made at business partners with Vegas VLTs with the intention of stopping underage gaming.

10 restaurants have had their permit rescinded by the Swedish Gaming Board due to non-compliance.

On svenskaspel.se, age limits are assured through the Spelkort loyalty card which requires an 18-year age limit and is checked against the Swedish Population Address Register (SPAR).

In 2008 age controls were introduced on Vegas VLTs. This means that players must enter their date of birth before than can start gaming. The date is printed on the personal winning ticket and checked on payout of Vegas winnings. At the end of the year, some 90% of VLTs had age verification. Implementation of age verifications is continuing in 2009.

Training

Svenska Spel informs and trains retailers, Vegas business partners, bingo personnel and all employees in responsible gaming. Training is developed in conjunction with Spel-institutet (the Game Institute).

The purpose of the training is to increase understanding of the problems that can arise in conjunction with gaming



Key indicators for responsible gaming

Svenska Spel has worked with key indicators for responsible gaming since 2005. The indicators are divided into social and economic responsibility for business partners and employees alike.

	2008	2007	2006
Social responsibility			
Players with problems, % ¹	1.4	1.7	1.5
Voluntarily banned casino guests, No. ²	2,022	1,869	1,558
Discussions with casino guest about gaming habits, No.	3,217	2,840	2,238
State-run companies take greater responsibility, % ¹	71	69	70
Business partner responsibility			
Certified retailers, %	66	50	41
Certified business partners, %	71	81	—
Test visits, No. ³	2,195	5,091	6,998
Observation controls business partners ³	2,715	3,146	2,380
Terminated as a result of test visits, No. ⁴	39	27	4
Employee responsibility			
Employees think that responsible gaming is positive, % ⁵	95	93	96

1. Information from gaming survey. Svenska Spel conducted the gaming survey in conjunction with GfK Sverige AB. The purpose of the survey is to map the adult population's awareness of and attitude to gaming and gaming behaviour. The survey was implemented via a postal survey form to 6,000 randomly selected Swedish residents between 16 and 75 years (address source: DAFA SPAR). The response frequency in 2008 was 58% (3,493 surveys for processing). The player base represents the proportion of the Swedish population that game each year through Svenska Spel.

2. Casino visitors who consider they have difficulty controlling their gaming are invited to sign an agreement for voluntary suspension or a visiting limit of eight visits per month at all casinos. The period for suspension or restricted visits is not less than six months.

3. During the year, the Restaurant Gaming business area has applied two methods for age control: Observation controls and Test Visits. Administration of the test visits is more time-consuming, but the result provides a better basis for decisions on suspension/termination.

4. Includes business partners (restaurants and bingo halls) and retailers.

5. Internal survey on internet.



Age control campaign

In autumn 2008, Svenska Spel and Vegas ran a responsibility campaign with the message "Between 18 and 23 years" at restaurants and bingo halls that have Vegas. The objective of the campaign was to improve test visit results and to make age control part of everyday routines. The responsibility campaign had a positive effect and test visit results have improved. Of the sales sites that took part in the information campaign, 81% checked the ID of players.

operations and provide tools to be able to handle them effectively.

Casino personnel work proactively with responsible gaming as needed by talking with guests about the help available; for example, voluntary suspension from the casino and/or a limit on the number of visits. In 2008, 2,022 customers chose voluntary suspension from the casino.

Support contact

In December 2008, Svenska Spel and Spelinstitutet started working together to develop a new tool for responsible gaming called "Support contact", a concept not tested anywhere else in the world. Svenska Spel's task is to provide information about Support contact via svenskaspel.se and at all casinos. The service is provided by Spelinstitutet.

Instead of the customers or guests contacting an advisor themselves, they ask to be contacted via telephone or e-mail.

At Support contact, the customer can:

- Chat with an advisor
- Ask an advisor questions via e-mail
- Discuss with other players with similar experiences
- Read about gaming problems and gaming dependency and where help is available.

Information about customers is not saved.

Focus 2009

- Improve existing and develop new responsible gaming tools.
- Launch Playscan 3.0.
- Analyse and evaluate implemented responsible gaming measures.
- Develop more effective and modern retailer training.
- Develop tools for efficient risk evaluation of responsible gaming in the product development process.
- Develop structure and design of Svenska Spel's responsible gaming functions.
- Develop spelalagom.se. ■

Responsibility for employees

During the past year, the need to build a value base that creates stability and security within Svenska Spel has become increasingly important. Having focused values helps make responsibility a clearer part of the business.

Strategy

The objective is to create a stronger corporate culture with a shared base in all business areas and staff units, help increase employee pride and clarify Svenska Spel's unique gaming mandate.

Svenska Spel has a specific HR (Human Resources) policy that states: "Svenska Spel is to be an attractive workplace with good working conditions, market-based salaries and a healthy and safe working environment, which promotes the development of the business and its employees in an effective manner."

This means that:

- Svenska Spel's relationship to players, colleagues and business partners builds on its values.
- Svenska Spel believes in a combination of skills, gender, cultural background, age, education and personal experience.
- Svenska Spel does not accept any form of discrimination.
- Svenska Spel promotes a good working environment where the risk factors for impaired health and accidents are minimised.

Activities and results

In 2008, Key Management initiated a survey to evaluate employee attitudes to Svenska Spel's value base, how well it is aligned with individual perceptions and the significance it has in reality. The survey will provide the base for an update in 2009. Analysis of the result shows that there is a high level of commitment throughout the Group as a

whole and that employees wish to further strengthen the sense of belonging between the various parts of the business. It is also evident that people want greater responsibility and wish to participate more in the development of the business. The process of developing the values will continue throughout 2009. Fulltime, part-time and temporary employees are entitled to the same benefits.

Svenska Spel does not accept any form of favouritism, discrimination or bullying. No cases of this nature have been brought to the attention of Management in 2008.

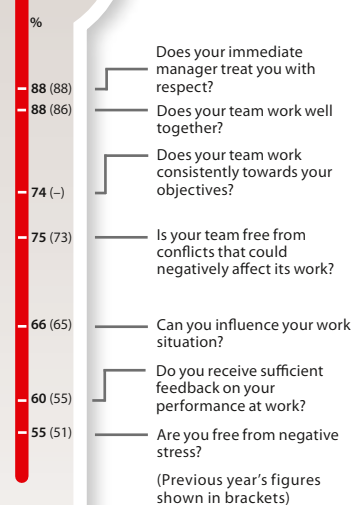


Employee survey 2008

78% of all employees responded to the year's employee survey. The Group has a high level of employee satisfaction; 86% of all employees are satisfied or very satisfied. However Svenska Spel needs to work on increasing participation and improving communication within the Company.

Good working climate

The annual survey shows the Group generally has a good working climate and there is strong confidence in Svenska Spel management.



Unique leadership in casino operations

Being a manager and leader in the casino business takes a special type of leadership. That's the conclusion of Anita Öberg, manager of the Sundsvall casino and responsible for a workplace with more than 200 employees. Most are young and many have a non-Swedish ethnic background.

What is it that makes leadership in the casino business so special?

"As a manager it is all about standing wholeheartedly behind the business. Casinos are still a relatively new concept in Sweden so we've had to work hard to gain the acceptance of the community. And to succeed in that, we have to have every one of our employees on the bandwagon. This means that the team and team spirit are a very important aspect of leadership here.

The balancing act between responsibility and commercial operations also means that we face different demands in the casino industry than in other fields. It is up to us as managers to get all employees to share Svenska Spel's values."

In what way do you work with leadership?

"That's something I do every day by acting in accordance with what I say we are to do with the business. There's no doubt I'm clear about what I want, but I also listen to employees. This is what breeds true commitment. And this is what encourages employees to take responsibility and go ahead and make their own decisions. It's even more important when you have as many young employees as we do here. Everyone should be seen and we really try to bring out the uniqueness in every individual."



Anita Öberg, casino manager in Sundsvall

How do you perceive the organisation has succeeded in good leadership?

"Today we have an organisation that shares the same values – that means we've succeeded. We have a very strong team spirit and feel a huge pride in our casino. That is where we want to be."

The earlier dispute with the trade union over overtime work at Casino Cosmopol was reconciled and a new collective agreement signed. During the year, support for individual benefits has been implemented. In addition, a management development programme has been started, initially relating to IT and the Internet business area.

Svenska Spel salaries are individual and differentiated. A salary survey is carried out annually which is presented in the Equal opportunity and diversity plan, where action plans are also established and followed up.

Svenska Spel encourages greater health awareness amongst employees through its gyms and subsidies for exercise outside the company, healthy food in company cafeterias and culture via the art clubs and other activities that promote good physical and mental health. During the year, 769 of the Company's employees have utilised the keep-fit contribution (298 in the Parent Company, 471 in subsidiaries). In 2008, a major keep-fit promotion was run in the Company which aimed to encourage employees to exercise more. Part of the campaign was the "ActionLotto" competition with a target for running, cycling or walking distance. During the year, 795 distances were done by 425 people, totalling more than 8,650 kilometres.

Svenska Spel operates on a national basis and in 2008 there were no risks of material infringement of human rights.

Focus 2009

- Value base work that leads to a value-driven organisation being developed and implemented – prioritised areas are leadership, communication and follow-up of how we reflect our values.
- New management development programme for existing and new managers to help the values be adopted and otherwise promote management development at various levels.
- Continued development of customised courses in leadership and HR development in conjunction with Gotland University.
- A review of agreement terms and salary benchmarking in the organisation's identified key groups.
- New introduction process for all new employees to communicate and clarify the values and ensure all employees have a high level of responsible gaming knowledge. ■

Human Resources – facts

Salary survey 2008 Parent Company

%	Senior salaried employees		Other salaried employees	Junior salaried employees
	Managers	Specialists		
Share men	63.7	70.0	64.1	40.6
Share women	36.3	30.0	35.9	59.4
Share of salaries, men	67.8	69.8	64.7	40.7
Share of salaries, women	32.2	30.2	35.3	59.3
Difference men	4.1	-0.2	0.6	0.1
Difference women	-4.1	0.2	-0.6	-0.1

Salary survey 2008 Casino Cosmopol

%	Senior manager	Middle manager	Average employee	Junior employee
Share men	75.0	57.1	53.3	49.0
Share women	25.0	42.9	46.7	51.0
Share of salary, men	74.1	58.5	52.7	49.2
Share of salaries, women	25.9	41.5	47.3	50.8
Difference men	-0.9	1.4	-0.6	0.2
Difference women	0.9	-1.4	0.6	-0.2

Number of employees

	2008			2007		
	Total	Women	Men	Total	Women	Men
Parent Company	860	352	508	751	291	460
Of which, temporary and probationary employees	778	304	474	735	282	453
Subsidiaries	1,452	741	711	1,426	724	702
Of which, temporary and probationary employees	950	462	488	908	438	470
Group	2,312	1,093	1,219	2,177	1,015	1,162
Of which, temporary and probationary employees	1,728	766	962	1,643	720	923

Employment location

	2008			2007		
	Total	Women	Men	Total	Women	Men
Visby	389	167	222	354	155	199
Sundbyberg	343	124	219	323	112	211
Other Sweden	1,580	802	778	1,500	748	752
Group	2,312	1,093	1,219	2,177	1,015	1,162

Average number of employees

	2008	2007
Parent Company	768	700
Subsidiaries	952	888
Group	1,720	1,588

Female managers

%	2008	2007
Parent Company	36	35
Subsidiaries	45	41
Group	40	38

Employee turnover

%	2008	2007
Parent Company	7	11
Subsidiaries	21	24
Group	15	18

Number that have resigned in relation to the average number of employees.

Percentage of employees with collective agreement

	2008	2007
Percentage of employees with collective agreement 100 %		

Employee satisfaction

%	2008	2007
Satisfied employee index	86	85

Health

	2008	2007	Mål
Health level, % ¹	77	74	80
Absence due to illness, %	3.75	3.78	–

1. Definition of Health level: Share of employees who have had absence due to illness of 3.5% or less in the last 24 months.

For information on methods used in recent years, contact the HR department.

Environmental responsibility

The climate threat is one of the greatest global challenges facing mankind. Svenska Spel is no major polluter under the circumstances and Svenska Spel stakeholders do not expect the Company to have a major environmental focus. Nevertheless, there are areas that the Company must address in a focussed manner to reduce the environmental impact of the operation.

Strategy

Svenska Spel has an environmental policy such that: "Svenska Spel aims to be an environmentally aware company. Svenska Spel is to promote and contribute to sustainable community development by reducing the environmental impact of its business. This is to be achieved by continual improvement and proactive measures where possible."

Svenska Spel's environmental strategy focuses on owners, customers, employees, retailers and suppliers.

The strategy shows how Svenska Spel's environmental management system is to be implemented with measurable objectives and selected processes and activities in accordance with the policy.

As a market-leading company, Svenska Spel sees its environmental efforts as a key part of its long-term sustainable development. This is to be done through seeing the environment primarily as an opportunity for development rather than a problem to be solved.

Environmental improvements also provide social and economic gains in the form of improved health, production with higher quality and efficient use of energy and raw materials.

An analysis of the Company's operations led to the following four areas becoming environmental focus areas: freight, material/products, energy and business travel. Initiatives in these areas should significantly reduce Svenska Spel's carbon dioxide emissions by 2015. The work is

managed as a specific project with a management committee that reports to the CEO.

It specifies that Svenska Spel is to:

- Use less energy, water and raw materials.
- Reduce the environmental impact of transportation of both goods and personnel.
- Reduce the amount of waste and usage of environmentally harmful material.
- Reuse and recycle waste to the greatest extent possible.
- Increase awareness and knowledge in the environmental area among stakeholders.
- Take environmental aspects into account when developing new products and services.
- Purchase eco-compatible and eco-efficient products and services and follow the criteria of the environmental counsel for eco-compatible procurement.

Activities and results

Svenska Spel has mainly purchased green electricity in recent years. An energy declaration has been made on company properties to optimise energy usage.

Business travel must be reduced. It has increased significantly in recent years due to a growing number of employees. This process has been commenced through the purchase of new video equipment and more virtual meetings being held.

Environmental guidelines for purchasing and services were introduced on 1 January 2008 with the intention of integrating environmental aspects into procurement. The policy has been used in negotiating agreements with new transportation providers. The policy will be communicated to all suppliers during the year.

Svenska Spel has purchased only eco-cars since 2007. The current eco-car policy is under review to meet the new government requirements effective next year.

New updated rules for business travel have been decided.

An environmental review of the Stockholm casino has been made and presented.

A new agreement for freight suppliers is being developed.

A new cooling plant has been installed in the computer hall in Gotland to make energy usage more efficient.

During the year, Svenska Spel has also participated in the local Gotland council's major environmental event.

By filling cartons and containers as efficiently as possible, the number of dispatches and transportation has steadily declined in recent years despite increased sales.

Focus 2009

- Increase the environmental awareness within Svenska Spel.
- Review need for implementation of an environmental management system.
- Have an effective procurement process.
- Be able to be assessed and evaluated.
- Not contribute to reduced revenue or higher costs. ■

Svenska Spel's focus areas for reducing CO₂ emissions

- Climate optimisation of freight
- Elimination of climate impact from material/products
- Climate adapted energy usage
- Reduction of business travel

Facts on Svenska Spel's environmental measures

Product material usage in tonnes

	2008
Coupons	515
Ticket rolls	396
Programmes	236
Lotteries ¹	254
Packaging, lottery shipments	37
Corrugated fibreboard	26
Office paper	15
Office material	12
Bingo cards	6
Total	1,497

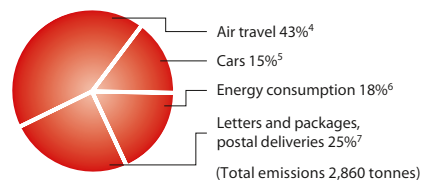
1. The weight also includes the cartons that lotteries are delivered in.

Energy usage in kWh

	2008
Electricity consumption Visby/Sundbyberg	5,607,575
Electricity consumption Casino Cosmopol	8,666,006
Electricity consumption Bingo halls ²	853,868
District heating/cooling Visby/Sundbyberg	3,427,468
District heating/cooling Casino Cosmopol	4,012,080
Total	22,566,997

2. Excluding electricity consumption in the Skärholmen bingo hall where no information is available. Heat consumption for all bingo halls is not available.

CO₂ emissions in tonnes³



3. Transportation of VLTs to and from restaurants and bingo halls are not reported.

4. Travel agency calculations with exception of travel between Visby–Stockholm and 9 domestic flights not booked via the travel agency using SAS's calculator for personal transportation.

5. Calculated based on fuel consumption of 2.36 kg/liter petrol, 2.54 kg/liter diesel, 0.71 kg/liter E85.

6. Calculated on kWh usage and supplier information on emissions per kWh.

7. Calculations from Posten.

Comments on the CSR Report

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Further information

Further information on Svenska Spel's CSR process is available in Swedish on svenskaspel.se under Om Svenska Spel, along with further information pertaining to stakeholder dialogues.

The contact person for matters relating to Svenska Spel's CSR work is:

Ann-Sofie Olsson, Manager CSR & Public Affairs
+46 8 799 7651, ann-sofie.olsson@svenskaspel.se

How Svenska Spel reports responsibility and sustainability

For the second year in a row, Svenska Spel presents its CSR Report in accordance with the guidelines of the Global Reporting Initiative (GRI). Reporting is done on an annual basis as part of the Annual Report. The CSR Report is prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), and in the social responsibility report required annually by Svenska Spel's owner, the Ministry of Finance.

The CSR Report describes Svenska Spel's work in the areas of financial responsibility, business ethics and security, social responsibility, workplace responsibility and environmental responsibility. The areas of social responsibility, business ethics and security along with the environment,

have been evaluated by the Company's key stakeholders with the aim of matching Svenska Spel's priorities with the needs and expectations of its external stakeholders. This is reported on pages 36-37. The full stakeholder analysis is available in Swedish on the society pages of svenskaspel.se

CSR data for reporting the GRI index is provided by Group staff units and business areas. The Controlling support function is responsible for collection and quality assurance.

The report covers the 2008 calendar year and includes the Parent Company and subsidiaries. The previous report (CSR Report 2007) was issued in April 2008. This report is a description of actions implemented in 2008 without specific limitations. ■

Assurance of Svenska Spel's CSR Report

Application level		C	C+	B	B+	A	A+
Compulsory	Own estimate						
Voluntary	Third party statement		Report certified by external party		Report certified by external party		Report certified by external party
	Reviewed by GRI						

Svenska Spel has prepared this report in accordance with the criteria for level C+ based on the application levels issued by the Global Reporting Initiative. See the Combined Assurance Report on pages 61-62.



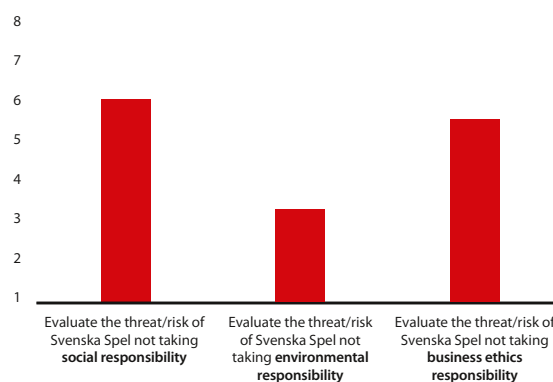
GRI reporting

The GRI performance indicators are located under individual responsibility sections with a matrix for relevance assessment. The indicators have been classified based on whether they have a low or high impact on the criteria in relation to Svenska Spel's influence and control. Only those indicators that have a high impact with high influence are specifically reported.

As the GRI performance indicators are not always relevant to Svenska Spel, the Company reports its own levels for areas such as gaming responsibility.

The estimates have been made based on Svenska Spel's own estimates of the Company's influence, control and impact on society. Stakeholder risk evaluations have also formed the basis in selecting the areas which are relevant to report and comment.

Risk in the various perspectives



As a state-owned company in a regulated market, the risks for Svenska Spel are perceived as greatest in social responsibility and business ethics. As Svenska Spel does not run a business perceived to be directly environmentally harmful, stakeholders did not consider the environmental risk to be high.

Source: Svenska Spel's stakeholder analysis 2008 performed by Intellectual Capital.

Svenska Spel's GRI profile

Standard indicators

		Page	Reported ● Partially reported ▸ Not reported ○
1. Strategy and analysis			
1.1	Statement from the most senior decisionmaker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	4–5	●
1.2	Description of key impacts, risks, and opportunities	4–5	▸
2. Organisational profile			
2.1	Name of the organisation	Cover	●
2.2	Primary brands, products, and/or services	11, 27, 70–71	●
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	16–17, 64	●
2.4	Location of organisation's headquarters	63	●
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	6–11	●
2.6	Nature of ownership and legal form	12, 63	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	11	●
2.8	Scale of the reporting organisation, including number of employees; net revenue; total capitalisation	2, 63–77	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership	15–17, 32, 94	●
2.10	Awards received in the reporting period	3, 21, 35	●
3. Report parameters			
Report profile			
3.1	Reporting period.	52	●
3.2	Date of most recent previous report	52	●
3.3	Reporting cycle.	52	●
3.4	Contact point for questions regarding the report or its contents	52	●
Report scope and boundary			
3.5	Process for defining report content	52, 53	●
3.6	Boundary of the report	52	●
3.7	State any specific limitations on the scope or boundary of the report	52	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	52	●
3.9	Data measurement techniques and the bases of calculations	45, 49, 51, 52	●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	52	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	52	●
GRI content index			
3.12	Table identifying the location of the Standard Disclosures in the report	54–61	●
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report	62	●
4. Governance, commitments and engagement			
Governance			
4.1	Governance structure of the organisation	109–120	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	112, 116	●
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	111, 116	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	109, 112, 116	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	93–94, 110, 113	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	111	▸

Cont. Standard indicators		Page	Reported ● Partially reported ◐ Not reported ○
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	110–111	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	2, 5, 12–13, 20–28, 30–32, 34–35, 38–51	●
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	2, 5, 12–13, 20–28, 30–32, 34–35, 38–51, 111	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		○
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	1, 12, 30, 32, 38, 63	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	23, 31, 32, 41, 43, 52, 75	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	3, 30, 31, 33, 35	●
Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organisation	31, 37	●
4.15	Basis for identification and selection of stakeholders with whom to engage	31, 36–37	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	31, 36–37	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	36–37	●

Economic responsibility

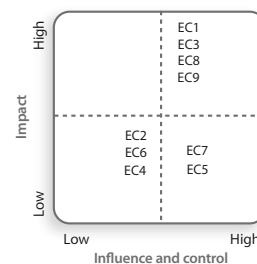
CSR governance

CSR governance in the area of Economic responsibility can be found on pages 52–53. Description of strategy and policy in this area is on page 38. The CEO is responsible for developing overall policies, strategies, processes, tools and key indicators pertaining to Svenska Spel's economic responsibility.

High impact – high influence

Svenska Spel reports net gaming revenue, costs and investments in society. Community investments are Svenska Spel's direct sponsorship investments. Svenska Spel also supports the Swedish Brain Foundation's research into dependency [EC1 and EC8]. The annual report presents information on provisions for pensions [EC3]. In the report "The price of gaming", the social costs of gaming dependency are described along with Svenska Spel's impact [EC9ADD].

Relevance assessment



Economic performance indicators

Aspect: Economic performance			
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and government	40	●
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change		
EC3	Coverage of the organisation's defined benefit plan obligations	79, 89, 93	●
EC4	Significant financial assistance received from government	89	●
Aspect: Market presence			
EC5 ADD	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		○
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation		○
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation		○

Cont. Economic performance			Reported ●
			Partially reported ▸
			Not reported ○
Aspect: Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	18, 20, 35, 38	●
EC9 ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts	39	▸
Performance indicators for human rights			
Aspect: Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		○
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		○
HR3 ADD	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		○

Business ethics and security

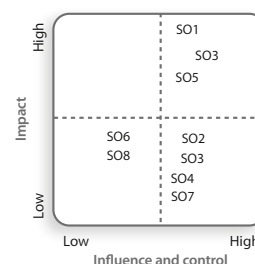
CSR governance

CSR governance in the area Business ethics and security can be found on page 53. Description of strategy and policy in this area is on page 41. The Company's Security department, which is part of the Finance staff unit, is responsible for developing overall policies, strategies, processes, tools and key indicators for Svenska Spel's security work. The business area and sales area is responsible for control and follow-up in their respective areas.

High impact – high influence

Svenska Spel's methods and procedures for minimising physical security risks associated with casino operations. Procedures are also reported here for minimising the negative social impact that the operation has in the form of gaming dependency [SO1]. Web-based training for employees in terms of procedures and policies on corruption, gifts, etc. [SO3]. Svenska Spel's views on the Gaming Inquiry are reported in depth in the Annual Report [SO5].

Relevance assessment



Social performance indicators

			Reported ●
			Partially reported ▸
			Not reported ○
Aspect: Society			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	42–43, 44–46	●
Aspect: Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption		○
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	42	●
SO4	Actions taken in response to incidents of corruption		○
Aspect: Public policy			
SO5	Public policy positions and participation in public policy development and lobbying	6–10	●
SO6 ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		○
Aspect: Anti-competitive behaviour			
SO7 ADD	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		○
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		○

Social responsibility

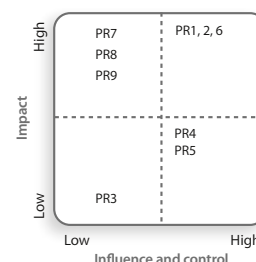
CSR governance

CSR governance in the area of Social responsibility can be found on pages 42–45. Description of strategy and policy in this area is on page 44. The Company's CSR & Public Affairs department, which is part of the Group staff unit Communication & Society, is responsible for developing overall policies, strategies, processes, tools and key indicators for Svenska Spel's social responsibility process. The business area and sales area is responsible for control and follow-up in their respective areas.

High impact – high influence

In the 2008 government Poker Inquiry, an evaluation was made of Svenska Spel's internet poker and its effect on players and the benefit of responsible gaming measures in the poker service [PR1]. Svenska Spel has a responsibility to prevent money laundering, fraud, underage gaming and reduce the negative social consequences of gaming. This is reported under the section Business ethics and security as well as Social responsibility [PR2 ADD]. Svenska Spel has adopted its own ethical guidelines as well as those of national and international forums and marketing organisations.

Relevance assessment



Product responsibility indicators

			Reported ●
			Partially reported ▸
			Not reported ○
Aspect: Customer health and safety			
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	1, 12, 16, 44	▸
PR2 ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	43, 45	●
Aspect: Products and services labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		○
PR4 ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		○
PR5 ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		○
Aspect: Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	31, 40	●
PR7 ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		○
Aspect: Customer privacy			
PR8 ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer		○
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		○

Responsibility for employees

CSR governance

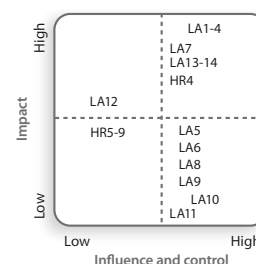
CSR governance in the area of Employee responsibility can be found on page 52. Description of strategy and policy in this area is on page 47. The Human Resources staff unit is responsible for developing overall policies, strategies, processes, tools and key indicators pertaining to Svenska Spel's employee responsibility.

High impact – high influence

Svenska Spel has six operative locations: Head office in Visby on Gotland, office in Sundbyberg and four casino locations in Stockholm, Göteborg, Malmö and Sundsvall.

Employee turnover is higher in the casinos than in other operations due to long shifts, night work and the relatively young age of personnel [LA1-2]. There are no benefits that do not also apply to temporary employees or part-time employees [LA3]. All employees in the Group are covered by collective agreements [LA4]. Working environment processes are focussed primarily on preventing problems associated with the high proportion of employees who meet players with problems [LA7]. The composition of the Board and management from a diversity perspective is reported in the Annual Report on pages 116–119. Svenska Spel carries out an annual salary mapping by region, services and gender [LA14].

Relevance assessment



Labour practices & decent work indicators

			Reported ●
			Partially reported ▸
			Not reported ○
Page			
Aspect: Employment			
LA1	Total workforce by employment type, employment contract, and region	49, 92	▸
LA2	Total number and rate of employee turnover by age group, gender, and region	49	▸
LA3 ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	47	●
Aspect: Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	49	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		○
Aspect: Occupational health and safety			
LA6 ADD	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		○
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	49, 92	▸
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		○
LA9 ADD	Health and safety topics covered in formal agreements with trade unions		○
Aspect: Training and education			
LA10	Average hours of training per year per employee by employee category		○
LA11 ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		○
LA12 ADD	Percentage of employees receiving regular performance and career development		○
Aspect: Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	116–119	▸
LA14	Ratio of basic salary of men to women by employee category	49	▸
Aspect: Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken	47	●
Aspect: Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		○

Cont. Labour practices & decent work indicators			Reported ●
			Partially reported ▸
			Not reported ○
Page			
Aspect: Child labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour		○
Aspect: Forced and compulsory labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour		○
Aspect: Security practices			
HR8 ADD	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations		○
Aspect: Indigenous rights			
HR9 ADD	Total number of incidents of violations involving rights of indigenous people and action		○

Environmental responsibility

CSR governance

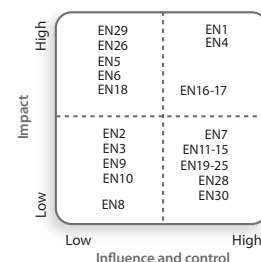
CSR governance in the area Environmental responsibility can be found on page 52. Description of strategy and policy in this area is on page 50. The Company's CSR & Public Affairs department, which is part of the Group staff unit Communication & Society, is responsible for developing overall policies, strategies, processes, tools and key indicators for Svenska Spel's environmental responsibility process.

High impact – high influence

Svenska Spel is a major consumer of paper in receipts, lotteries and office material. Reducing material consumption is a focus area in Svenska Spel's environmental process [EN1]. Energy consumption is largely office electricity, heating and operation of computer halls and gaming in casinos [EN4].

Freight and business travel represents a major part of Svenska Spel's carbon dioxide emissions through freight of lotteries and marketing material and business travel between Stockholm and Visby, as well as numerous overseas trips to suppliers and stakeholders in Europe and USA/Canada [EN16] and [EN17].

Relevance assessment



Environmental indicators

			Reported ●
			Partially reported ▸
			Not reported ○
Page			
Aspect: Materials			
EN1	Materials used by weight or volume	51	●
EN2	Percentage of materials used that are recycled input materials		○
Aspect: Energy			
EN3	Direct energy consumption by primary energy source		○
EN4	Indirect energy consumption by primary source	51	●
EN5 ADD	Energy saved due to conservation and efficiency improvements		○
EN6 ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		○
EN7 ADD	Initiatives to reduce indirect energy consumption and reductions achieved		○

Cont. Environmental indicators		Page	Reported ● Partially reported ▸ Not reported ○
Aspect: Water			
EN8	Total water withdrawal by source		○
EN9 ADD	Water sources significantly affected by withdrawal of water		○
EN10 ADD	Percentage and total volume of water recycled and reused		○
Aspect: Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		○
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		○
EN13 ADD	Habitats protected or restored		○
EN14 ADD	Strategies, current measures and future plans for handling impacts on biodiversity		○
EN15 ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		○
Aspect: Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	51	●
EN17	Other relevant indirect emissions of greenhouse gases by weight	51	●
EN18 ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved		○
EN19	Emissions of ozone-depleting substances by weight		○
EN20	NO _x , SO _x , and other significant air emissions by type and weight		○
EN21	Total water discharge by quality and destination		○
EN22	Total weight of waste by type and disposal method		○
EN23	Total number and volume of significant spills		○
EN24 ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		○
EN25 ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff		○
Aspect: Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		○
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		○
Aspect: Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		○
Aspect: Transport			
EN29 ADD	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce		○
Aspect: Overall			
EN30 ADD	Total environmental protection expenditures and investments by type		○

Combined Assurance Report

To the readers of Svenska Spel's CSR Report

Introduction

On behalf of the Board of AB Svenska Spel, we have examined the information in the 2008 CSR Report included in the Annual Report. The board of directors and management are responsible for the continuous activities regarding environment, health & safety, business ethics, social responsibility and sustainable development, and for the preparation and presentation of the CSR Report in accordance with applicable reporting criteria. Our responsibility is to express a conclusion on the CSR Report based on our examination.

Scope of the examination

Our examination has been performed in accordance with the FAR SRS (the institute for the accountancy profession in Sweden) draft recommendation RevR 6, "Assurance of sustainability reports". The objective of an audit is to obtain reasonable assurance, substantiated by sufficient supporting evidence, that the information does not contain material misstatements. A review consists of making inquiries, primarily of persons responsible for sustainability matters and for preparing the CSR Report, and applying analytical and other review procedures. The procedures performed in a review do not enable us to obtain assurance that would make us aware of all significant matters that might be identified in an audit, and consequently our conclusion based on our review does not achieve the same level of assurance as our conclusion based on our audit. In this assignment we have combined these two assurance levels and therefore report our conclusions with respect to the audit and review procedures in separate sections.

Our review covers the CSR Report on pages 29–60 of the Annual Report. In addition, we have audited the following information in the CSR Report:

- a. Stakeholder analysis – Information on the implementation and result of the stakeholder analysis (pages 36–37)
- b. Financial responsibility – Information pertaining to economic value creation and Svenska Spel investments in advertising (page 40)
- c. Business ethics and security – Quantitative information on activities and results (page 43) pertaining to reported instances of suspected money laundering and "other gaming"
- d. Social responsibility – Key indicators for responsible gaming (page 45), pertaining to information from the annual "Gaming Survey"
- e. Responsibility for employees – Information pertaining to the number of female managers and employment location (page 49)

Our assurance report does not comprise the assumptions and achievability of prospective information (such as targets, expectations and ambitions).

The criteria used in our examination are based on the parts of the "Sustainability Reporting Guidelines" issued by the Global Reporting Initiative (GRI) applicable to the CSR Report, and the measurement and reporting principles developed by Svenska Spel. These are presented on pages 52–53 in the CSR Report. We consider that these criteria are suitable for our engagement.

Review procedures

Our most important review procedures consisted of the following:

- Obtaining knowledge and understanding of Svenska Spel's organisation and activities
- Assessment of suitability and application of criteria in respect to stakeholders' information needs
- Discussions with responsible employees, at Group level and selected units, to assess the qualitative and quantitative information in the CSR Report
- Assessment of reported information based on internal and external documents



- Examination and test of details of internal and external source documentation to assess the information in the CSR Report
- Site visits at selected casinos of Casino Cosmopol
- Evaluation of the model used to calculate carbon dioxide emissions
- Reconciliation of financial information with Svenska Spel's Annual Report 2008
- Assessment of Svenska Spel's stated application level according to the GRI guidelines
- Overall impression of the CSR Report, and its format, considering the information's correspondence with applicable criteria

Audit procedures

Our audit procedures entailed the following:

- Assessment of reported information against obtained internal and external source documents and test of details of the information on a–e above in the CSR Report

- Obtaining external confirmations concerning reported cases of suspected money laundering and "other gaming" (point c)
- Site visits to Svenska Spel suppliers in order to review information pertaining to the stakeholder analysis (point a) and the "Gaming Survey" (point d).

We believe that the evidence obtained from our examination is sufficient and appropriate to provide a basis for our conclusions.

Conclusions

Our conclusion based on our review

Based on our review, nothing has come to our attention that causes us to believe that Svenska Spel's CSR Report 2008 is not prepared, in all material respects, in accordance with the above stated criteria.

Our conclusion based on our audit

In our opinion, based on our audit of the information on a–e above in the CSR Report, this information is prepared, in all material respects, in accordance with the above stated criteria.

Stockholm, 13 March 2009

Öhrlings PricewaterhouseCoopers AB

Per Wardhammar
Authorised Public Accountant

Lars-Olle Larsson
Expert member FAR SRS

Financial statements

Directors' Report

The Board of Directors and the CEO of AB Svenska Spel, Corporate Identity Number 556460-1812, with registered head offices in Visby, hereby submit the Annual Report and the consolidated Financial Statements for the financial year ended 31 December 2008, comprising pages 63–106.

Principal activities and structure

Owner relationship

The Swedish State owns 100% of Svenska Spel.

Owner's mandate

In conjunction with the AGM on 15 April 2008, the owner presented a document to the Board of Svenska Spel.

The document included the owner's mandate for Svenska Spel.

Prior to 2007, the owner undertook extensive changes to the Svenska Spel mandate. Only a single change has been made in 2008, implying the following addition:

AB Svenska Spel shall adopt a prudent approach to new games and new markets.

The owner's mandate to Svenska Spel is, consequently:

AB Svenska Spel is to arrange gaming and lotteries on licence from the government. AB Svenska Spel shall respond to consumer interest in terms of offering a reliable alternative to illegal gaming operations, with the aim of providing a broad service in urban and country areas.

Social welfare is to be prioritised in the development of gaming forms and other operations. The risk of fraud and illegal gaming is also to be taken into account. Security in gaming management is to be maximised. Regulators should be able to maintain efficient and independent control.

AB Svenska Spel shall adopt a prudent approach to new games and new markets. The Company is to maintain a responsible position in its marketing, reflecting social engagement and preventing the Company being perceived as overly assertive.

Current licences

Over many years the government has provided Svenska Spel with various forms of licences. The following licences are currently held:

Lotteries and bookmaking at sporting events

On 18 December 2008, the government licensed AB Svenska Spel to arrange public lotteries and bookmaking for the period 1 January 2008 to 31 December 2009.

VLTs

On 27 November 2008 the government granted AB Svenska Spel a licence to arrange public gaming on VLTs for the period 1 January 2007 to 31 December 2009.

Significant events in 2008

First quarter

- Intensified control of incidences of illegal VLTs at Svenska Spel agents, and sanctions in the form of termination if the illegal VLTs are not removed.
- The opportunity to buy Drömvinsten at the checkout at ICA supermarkets.
- Tighter age control via age verification in Vegas LTs introduced in four locations.
- Launch of bingo halls concept BingoLive.
- New organisation in the Group from 1 January 2008.

Second quarter

- The Gaming market Inquiry received a supplementary directive from the government to investigate the assumptions for sale of portions of the Svenska Spel operations.
- Former Minister and Ambassador, Margareta Winberg, was appointed as the new Chairman.
- CEO Jesper Kärrbrink left his position and was replaced by CFO Anders Hägg as Acting CEO for Svenska Spel. Recruitment of a new CEO started.

Third quarter

- Substantial investments made to replace old VLTs providing greater opportunities to introduce responsible gaming tools.
- Our new website svenskaspel.se launched on 15 September with a new appearance, better overview and enhanced interactivity.
- An additional responsible gaming tool, a compulsory weekly budget for gaming on svenskaspel.se and mobile phones, was introduced.

Fourth quarter

- Gaming Inquiry leader, Jan Nyrén, presented a report on how future long-term sustainable Swedish gaming regulations could be designed.
- Svenska Spel awarded by the World Lottery Association as the world's most responsible gaming company.
- Board decision taken to end cooperation agreement with bingo alliances for BingoLive.
- Organisational change implemented on 1 December 2008.
- Meta Persdotter appointed as new CEO.

Casino games

On 20 December 2007 the Government granted AB Svenska Spel, or its wholly owned subsidiary, a licence to arrange public casino games including cash VLTs and other VLT games, as specified under Section 6 of the Lotteries Act (1994:1000), for the period 1 January 2008 to 31 December 2009.

Internet poker

On 18 June 2008, the Government granted AB Svenska Spel, or its wholly owned subsidiary, a licence to arrange and provide poker gaming on the internet, for the period 1 July 2008 to 31 December 2009.

Bingo

During the year, Svenska Spel continued its provisional bingo hall business operations supported by permits from various county councils. This operation has included seven halls. During early summer 2008, Svenska Spel management reviewed this business. Amongst the conclusions, they determined that it is difficult to continue this business on the terms inherent in the county council permits, as attracting new bingo players falls outside the framework of Svenska Spel's responsible gaming mandate. At the end of the year, the Board decided to close the business.

Financial requirements of the owner

Section 4 of AB Svenska Spel's Articles of Association specifies that no dividend is to be made to shareholders when available profits are to be distributed. All profit available for distribution is to be allocated as specified by the government.

The government licence for AB Svenska Spel to arrange lotteries states that as great a portion of the Company's profits as possible is to be paid to the National Debt Office of the

Swedish State during the financial year. Payments are to be made quarterly, not later than 30 April, 31 July, 31 October and 15 February. Profits available for distribution are to be offset against AB Svenska Spel's receivables from the National Debt Office of the Swedish State. Remaining profits available for distribution after offset of receivables, statutory funding, allocations determined by Parliament and government, and other generally accepted dispositions, are to be paid to the Swedish State.

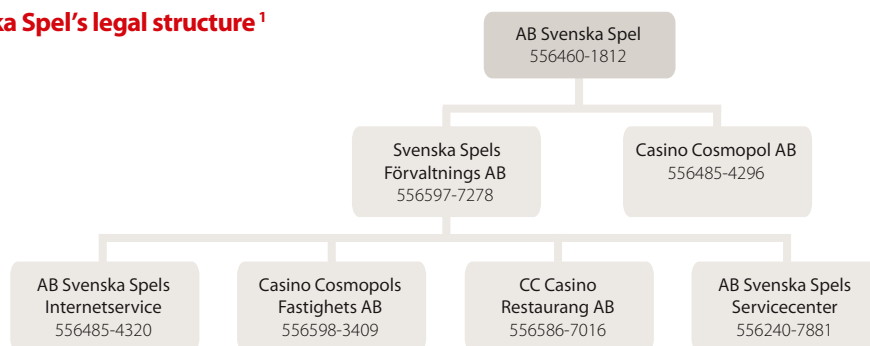
Legal structure

The Svenska Spel Group comprises the Parent Company AB Svenska Spel and subsidiaries, Casino Cosmopol AB and Svenska Spels Förvaltnings AB. Svenska Spels Förvaltnings AB forms a subgroup comprising the subsidiaries Casino Cosmopols Fastighets AB, CC Casino Restaurang AB, AB Svenska Spels Servicecenter and AB Svenska Spels Internetservice. In addition, there are a number of dormant companies, see Note 28 on page 104.

Operational structure

The organisation of the Group was changed in late 2008. The Group previously had two divisions with seven underlying business areas and a number of corporate staff units. In the new organisation, the divisional level has been replaced by four large business areas, certain of which include sales areas. The organisation of the corporate staff units is largely unchanged. Business area and staff unit management report directly to the CEO.

Corporate governance is based on the long-term (10-year) objectives of the Company, which are applied throughout the organisation in the form of compatible long-term objectives and shorter-term operative goals and strategies.

Svenska Spel's legal structure ¹

1. Dormant companies are not included in the diagram.

Strategic direction

The long-term objective over a ten-year perspective for Svenska Spel is to, regardless of the form of regulation, comprise a credible, responsible and efficient gaming company with a market share of total net gaming in Sweden not less than 50%, and with profits remaining at the 2007 level. The business operations will continue to prioritise responsibility ahead of profit.

This long-term approach indicates the direction the Company is to head over a ten-year perspective, but also aids in controlling the focus of the operations year by year.

The objectives are to be achieved through:

- A superior service and gaming experience in which the opportunity to game responsibly is part of the experience.
- Development of competitive and popular products and distribution forms with gaming responsibility as an integrated part of the product.
- Innovative development of responsible gaming in balance with other development.
- Brand loading.
 - Responsible gaming, with Svenska Spel in the lead, Community benefit.
- International product cooperation.
 - Gaming in pools with other WLA companies.
- Stronger customer relationships.
- Stronger intellectual capital.
 - Higher efficiency, Greater renewal, Balanced risk.

Svenska Spel's mandate has two dimensions; one is the focus on offering attractive gaming to consumers, and the other is that this be accomplished in a responsible and reliable manner.

This is reflected in the long-term objectives, and to further reinforce its importance, the mandate has two components that are to be constantly observed when overall strategies are being developed:

- Svenska Spel, First choice of players.
- Responsibility before profit.
- Sustainable development and stakeholder dialogue.

The strategies are based on the mandate granted by the owner to the Company at the 2008 AGM. These overall strategies reflect the importance of meeting customer demand in a commercial manner, with an integrated responsible gaming content.

Svenska Spel, First choice of players

Svenska Spel operates in a commercial market with competition from other regulated operators, as well as from foreign gaming companies and illegal operators offering gaming on the Swedish market. For a company to be the first choice of players involves ensuring that we can offer the customer products, service and gaming experience which enable us to continue to be per-

ceived as a gaming company with attractive products and, thus, also support our leading role in the Swedish gaming market.

It is, therefore, essential that Svenska Spel has a commercial strategy and that this is related to the ten-year mission the Company is to fulfil. The strategy implies that in choosing gaming alternatives, Svenska Spel appears as an attractive alternative to the other alternatives available to the customer. Our ambition is, through customers choosing Svenska Spel as a gaming company, to be able to maintain our current market position. Being perceived as credible is essential to achieving this.

Responsibility before profit

Responsibility before profit is the fundamental focus of all commercial work at Svenska Spel, and is primarily associated with game development and marketing. From a strategic perspective this means refraining from leading the development of new gaming forms that risk an increase in problem gaming, and offering, instead, a more credible alternative should another party develop a gaming form that is expected to have a breakthrough on the gaming market. We also refrain from advertising gaming forms considered aggressive.

Sustainable development and stakeholder dialogue

Svenska Spel is to contribute to a long-term sustainable development by operating business activities that deliver a significant surplus to community programmes, while at the same time, handling the risks associated with these activities in order to minimise the negative effects for the community.

The Company's responsible gaming programme, with its inherent relationship to the business, is central to sustainable development. Svenska Spel's gaming responsibility is focussed on preventing problems from developing, which is primarily achieved by offering our players information and training and, thus, developing various tools that help them to control their gaming.

Svenska Spel is also, through efficient, innovative measures, reducing its environmental impact. The objective is to reduce the Company's carbon dioxide emissions by 90% by 2015. This will mainly be achieved through measures in the fields of freight, paper consumption, energy consumption and business travel.

In addition to our work to manage the Company's direct impact on the community, we also wish to support positive development by encouraging a democratic society based on tolerance and respect. This also means that we are committed to helping the healthy development of Swedish sports – by actively supporting initiatives that help eliminate negative aspects such as doping, bullying and cheating from sports, while encouraging good sportsmanship between players, coaches/management and the public. Svenska Spel is also to promote the opportunities inherent in a multi-cultural society

by affirming the differences between customers, retailers and employees.

A critical condition for successful sustainability is a good dialogue with the Company's key stakeholders: customers, employees, retailers and business partners, suppliers, owners, authorities, interest organisations, competitors and the local community. Svenska Spel will, therefore, constantly strive for an effective stakeholder dialogue based on mutual respect and understanding.

To control and follow up short-term measures and ensure focus on long-term objectives, Svenska Spel uses a management model based on monitoring measurement areas and checkpoints within identified strategic areas.

Objectives and achievement

Financial objectives and achievement

The Group's financial control objectives are mainly based on the income budget adopted by the Board prior to the start of the financial year. At the board meeting after mid-year, a review of the annual budget is presented with a year-end forecast. The following objectives and achievements are reported for 2008:

SEK million	Budget	Forecast	Outcome
Income budget/forecast			
Operating profit	5,306	5,017	4,985
Profit after financial items and tax	5,378	5,122	5,108

Non-financial objectives and achievement

- Satisfied employee index, objective 80%, outcome 86%
- Management index, objective 80%, outcome 66%
- Health index, objective 80%, outcome 70%
- Absence due to illness, objective < 3.5%, outcome 3.7%
- Percentage positive to Svenska Spel brand, objective 60%, outcome 58%.

A new management development programme for existing and new managers will be implemented in 2009 to harmonise management with the Company's values.

The objectives and achievements for the non-financial goals are presented in the CSR Report on pages 29–62.

Financial information, Group

New policy for revenue recognition

Svenska Spel has changed its policy for revenue recognition from gaming operations as of the fourth quarter 2007. Revenue from gaming operations is now recognised as a net amount compared with the previous gross amount, which was specified according to gaming revenue and paid-out winnings, retailer commissions and other revenue. The net amount is

referred to as 'Net revenue from gaming operations, etc.' in the income statement. Comparison with the previous year is adjusted in accordance with the new policy. There has been no impact on operating profit or profit for the year.

The reason for the policy change is that lotteries and games arranged by Svenska Spel are based on a redistribution of paid-in funds between participants in lotteries and games. Svenska Spel provides the platforms that enable customers, for the purpose of entertainment, to redistribute funds between participants in lotteries and games. The payments made by buyers of lotteries or games are, therefore, considered to be largely made on behalf of the participants. This means that Svenska Spel's revenue cannot be seen entirely as being received on its own behalf. Svenska Spel's revenue consists, therefore, of the net surplus generated from the provision of platforms for various games and lotteries.

Profit for the year

Consolidated profit after financial items and tax for 2008 is the second highest amount since Svenska Spel was founded in 1996. The 2007 profit includes sales of shares in one of the Group's property companies of SEK 93 million, but even excluding this effect, the 2007 profit is somewhat better than in 2008. The profit weakening is partially due to the investments made in new areas, such as Bingo, sales of lotteries via sports associations and lottery subscription.

SEK million	2008	2007	Change, %
Gross gaming revenue	22,559	21,499	4.9
Net gaming revenue	9,804	9,598	2.1
Net sales from gaming operations, etc.	8,071	7,915	2
Operating profit	4,985	5,128	-2.8

SEK million	2008	2007	Change, %
Operating profit excluding items affecting comparability	4,985	5,035	-1
Profit after financial items and tax	5,108	5,247 ¹	-2.6
Profit after financial items and tax excl. items affecting comparability	5,108	5,154	-0.1
Operating margin, %	21.9	23.6	
Operating margin, excluding items affecting comparability, %	21.9	23.2	
Total assets	7,912	7,968	-0.7
Equity	5,108	5,248	-2.6
Cash flow from operating activities	4,762	5,224	-8.8
Purchases of property, plant and equipment	419	172	243
Investments in intangible assets	65	33	196
Net investments in financial assets	-224	148 ¹	neg
Equity ratio, %	64.9	65.9	
Market share regulated market, %	59	56	
Earnings per share, SEK thousand	2,554	2,624	-2.6

1. The item includes a capital gain on sale of shares in Svenska Spels Fastighets AB of SEK 93 million.

For comparison with previous years, see the five-year summary on page 108.

Development by business area

Until December 2008 the organisation of the Svenska Spel Group consisted of two divisions with a total of seven underlying business areas, along with the corporate staff units, Finance & Group Support, Communication & Society, IT, Legal and Human Resources.

On 1 December 2008, the divisional level was removed to increase the proximity of the business areas and management. Four large business areas were created instead, whose heads are included in Key Management. In this way, the assumptions have been improved for efficient control of the business. The staff units are marginally affected by the new organisation.

The four business areas are: Restaurant Gaming & Bingo Halls, Casino, Retail Outlet and Internet. Net revenue in 2008 is allocated as follows:

Net gaming revenue, SEK million	2008	2007	Change, SEK million	Change, %
Restaurant Gaming & Bingo Halls business area	2,044	1,936	108	5.6
Casino business area	1,224	1,153	71	6.2
Retail Outlet business area	5,281	5,328	-47	-0.9
Internet business area	1,255	1,181	74	6.3
Svenska Spel, total	9,804	9,598	206	2.1

Restaurant Gaming & Bingo Halls business area

The Restaurant Gaming & Bingo Halls business area includes the 2,229 restaurants and bingo halls that offer Vegas VLT gaming (2,249) including the 7 bingo halls that are run by Svenska Spel (4). These premises have 6,818 Vegas VLTs (7,014), 35 of which (15) are in bingo halls.

Restaurant Gaming (Vegas) represents SEK 1,983 million (1,928) and Bingo Halls SEK 61 million (8), which provides net gaming revenues for the business area as a whole in 2008 of SEK 2,044 million (1,936). This represents approximately 21% of Svenska Spel's total net gaming revenue of SEK 9,804 million (9,598).

Restaurant Gaming business area

Svenska Spel is restrictive in marketing Vegas. Most campaigns are preceded by extensive protective measures to avoid the emergence of problem gaming. The business area trains business partners in responsible gaming and also spreads knowledge via reminder campaigns and information.

There is an 18-year age limit for gaming on Vegas. In 2008 age controls were gradually introduced on Vegas VLTs. This means that customers must enter their date of birth before they can start playing. If the player has turned 18 the game can start. If the player is younger than 18, the game will not start. On the event of a win, the date of birth is printed on the winnings receipt which is presented with identification so winnings can be paid out. At the end of the year, age verification had been introduced at some 70% of gaming locations. It has gained rapid acceptance from players and business partners alike.

Two different types of control are made regularly at Svenska Spel's business partners to ensure that they, in turn, have control that there is no underage gaming on Vegas VLTs. One type of age control is done through observations that describe the day-to-day business. Business partners are encouraged to ask for identification if a person appears to be younger than 23. The other method involves age controls being made where persons between 18 and 20 try to start playing on Vegas VLTs. The intention is to make business partners and their employees more aware of young people playing on Vegas VLTs.

Svenska Spel also checks any instances of illegal VLTs. In such cases, the Swedish Gaming Board is notified and the business partner receives a warning that the VLTs are to be removed. If this is not done, Svenska Spel terminates the partnership. In 2008, a total of 17 business partners were terminated for breaking the terms of their gaming permits.

The process of controlling that Svenska Spel business partners follow the rules for age controls is run constantly. This is done in combination with a broad programme of campaigns,

Restaurant Gaming & Bingo Halls business area

Significant events in 2008

- Introduced age verification which is now installed at 70% of Vegas gaming locations.
- Invested in 1,500 new Vegas VLTs and launched 4 new Vegas games.
- Started BingoLive halls in Jönköping, Högdalen and Borås. Official opening of BingoLive at Fridhemsplan in Stockholm.

Priorities for 2009

- Start implementation of a new central system that enables the business area to offer more responsible gaming tools on Vegas VLTs in future.
- Complete age verification and invest in more new VLTs.
- Introduce four new Vegas games.
- Terminate Svenska Spel's involvement in the seven BingoLive halls, by which the Bingo Halls sales area is closed.

training and information aimed at business partners and their employees as well as players. The broad process of influencing public opinion is undertaken in order to change attitudes and work methods. The business unit is introducing a new service that will work full-time with developing gaming responsibility processes in the business area.

To provide customers with a better gaming experience, old VLTs are being exchanged for new ones and the games in the Vegas VLTs are varied. In 2008, the business area launched four new games to replace older games.

Bingo Halls sales area

The former Bingo Halls business area is now a sales area within the Restaurant Gaming & Bingo Halls business area. There are 87 bingo halls (90) in Sweden from which Vegas profit goes directly to local clubs. An additional 7 bingo halls (4) are operated by Svenska Spel.

In 2008, Svenska Spel took over 3 new bingo halls and introduced the BingoLive concept. The Company's bingo halls are in the Stockholm area (Fridhemsplan, Hötorget, Sundbyberg, Skärholmen and Högdalen) as well as in Jönköping and Borås. Some 90% of the profit goes directly to the alliances of clubs and associations that are associated with each of the halls.

Net gaming revenue for the Bingo Halls sales area in 2008 was SEK 61 million (8), of which bingo represented some SEK 33 million (4) and revenue from the Vegas VLTs in the halls amounted to approximately SEK 28 million (4).

The BingoLive halls have traditional bingo with paper cards and digital touch screens that offer various types of bingo games, some with weekly and monthly finals.

VLTs can also be played in the halls. CaféLive offers coffee, soft drinks and light refreshments.

The age limit for attending Svenska Spel's BingoLive halls is 18. Svenska Spel has the policy that employees may not play bingo in the halls.

In December 2008, the Svenska Spel board decided to close the operation in the BingoLive halls. The reason is that the business had not developed as planned, that Svenska Spel did not receive the anticipated licence from the government, and that the Gaming Inquiry specified that the bingo hall operation is to remain in the NGO domain.

The BingoLive brand was also introduced in 2008 on Svenska Spel's bingo on svenskaspel.se.

Casino business area

Casino Cosmopol is a subsidiary of AB Svenska Spel.

Casino Cosmopol has a 20-year age limit. Casino employees may not game at the casinos.

In 2008, visitors to the four casinos – in Stockholm, Gothenburg, Malmö and Sundsvall – increased to 1,189,800 (1,153,661). Net gaming revenue was SEK 1,224 million (1,153), which represents more than 12% of Svenska Spel's total gaming revenue.

The vision of the business area is that "Casino Cosmopol shall, through exceptional gaming responsibility and world-class service, offer international casino games in a surprising, exciting and secure environment and thus be in the forefront of the leading casino companies in northern Europe."

In line with the ambition for exceptional gaming responsibility and world-class service, the Casino business area has made major investments in employee training. Responsible gaming

Casino business area

Significant events in 2008

- Replaced coin handling in VLTs with receipts.
- Replaced some 650 old VLTs with modern new machines.
- Appointed Responsible Gaming Managers at each casino.
- Casino Cosmopol nominated as best casino company of the year in terms of gaming responsibility.
- Installed some 350 new cameras and a new image storage system.
- Introduced multimedia system to improve information for guests and employees and a new system for table gaming and cash handling.
- Started new restaurant concept in Malmö and Gothenburg.
- Negotiations with the Union regarding overtime payment and other matters were resolved with a settlement.

Priorities for 2009

- Further improve gaming responsibility and service through training and other measures.
- Increase net gaming revenues through continued channelling.
- Optimise and customise individual casino areas for best possible business and guest satisfaction.
- Acquire and implement new booking system for restaurant, poker and events.
- Renew guest registration system.
- Continued focus on safety and security for guests and personnel at casinos.
- Clarify and develop the mix of classic casino games, good food and entertainment.

training is compulsory for everyone working at the casinos. In 2008 a service conference was held for all personnel and coaching training held for most.

Svenska Spel is working to channel illegal gaming on VLTs and so-called black clubs to its own legal, more secure alternatives. Casino Cosmopol's investments in major poker tournaments such as Poker SM, Spring Poker Week, Nordic Masters, SWOP, Malmö Open, Nordic Light and Christmas Poker Week are part of this ambition. Service for guests has also improved with new opening times for Casino Cosmopol in Sundsvall (midnight) and new closing times for Casino Cosmopol in Gothenburg (5 a.m.)

Casino technology is advanced and under continuous review. An improved security system, responsible gaming information and clocks that are shown in the new multi-media system along with a system replacing coin and note handling with winnings receipts were introduced in 2008. A major investment is being made in 2009 in new systems for booking and registering guests.

Responsible gaming measures were awarded internationally, and in 2008 Casino Cosmopol was awarded the prize for "Socially Responsible Casino Operator of the Year" by International Gaming Awards.

Retail Outlet business area

The Retail Outlet business area represents the major part of Svenska Spel's net gaming revenue. In 2008 this amounted to SEK 5,281 million (5,328), which is approximately 54% of Svenska Spel's total revenue.

Retail Outlet consists of three sales areas: Retail Outlets, Association and Subscription. The Marketing and Production Strategy department is responsible for marketing and product development.

Retail Outlet sales area

At the end of 2008, Svenska Spel had 6,811 retailers (6,385) including retail chains, supermarkets, warehouses, betting

agencies, tobacconists, petrol stations. They represented SEK 5,235 million in net gaming revenue (5,307). 2,801 retailers (2,865) have the majority of Svenska Spel's sports betting, numbers games and lotteries in their range, while 3,855 only sell lotteries (3,520). In rural areas and in small towns, there are 871 retail outlets for which Svenska Spel has lower profitability requirements.

In 2008, the sales area made major efforts and expanded controls to ensure that Svenska Spel is not active in retail environments in which there are any forms of illegal gaming. In 2008, Svenska Spel terminated 25 retailers due to breaches of contract of this nature.

The international industry organisation World Lottery Association awarded Svenska Spel as the gaming company with the best responsible gaming training for retailers and business partners. This is a good rating of the Retail Outlet sales area's broad investment in responsible gaming at retailers.

A noticeable improvement of retailers' identification controls and compliance with age limits can be seen after stricter sanctions were introduced in 2007. The sales area carried out test visits to control how retailers comply with the regulations. A total of 75% of retailers now manage the first test visit. In 2008, 39 retail outlets were suspended due to negligent age control and 31 lost their Svenska Spel gaming permit due to serious breach of contract; 25 of these were due to the presence of illegal VLTs on the premises.

The previous year, Svenska Spel began to sell Lotto and Joker (providing a chance for Drömvinsten) at the checkouts of the retail chains of Reitan Servicehandel i Sverige (Pressbyrå and 7-Eleven). In 2008, a similar partnership was started with the Ica supermarket chain, which started selling Lotto/Joker at the checkout in the autumn. The future objective is to continue this type of cooperation with other retail chains.

The digital information signs that were launched last year are now installed at some 600 retailers. The offer and technology is being constantly improved.

Retail Outlet business area

Significant events in 2008

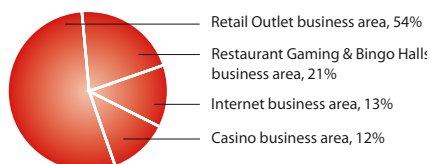
- Increased number of test visits to retail outlets and tighter control of illegal VLTs at agents.
- Launched Lotto games at ICA checkouts.
- Product development on Keno and Oddset.
- Introduced improved digital information at retailers.
- Association sales area introduced test of arena games.

Priorities for 2009

- Implement age controls at all gaming outlets.
- Develop responsible gaming tool and a new product.
- Change product portfolio from specially developed association lotteries to ordinary Triss and Tia.
- Start a third retail chain partnership for sales of games at checkout.
- Develop internet partner service for associations.
- Launch new lotteries.

Facts about Svenska Spel's business areas

Net gaming revenue by business area 2008



Net gaming revenue Restaurant Gaming & Bingo Halls, 2004–2008

SEK million

2,500

2,000

1,500

1,000

500

04 05 06 07 08

Net gaming revenue Casino, 2004–2008

SEK million

1,250

1,000

750

500

250

04 05 06 07 08

Restaurant Gaming & Bingo Halls business area

Restaurant Gaming business area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Vegas in restaurants	1,750	1,682	68	4.0
Vegas in bingo halls	233	246	-13	-5.3
Net gaming revenue, total	1,983	1,928	55	2.9
Gross gaming revenue, total	7,287	7,082	205	2.9

Business partners

Business partners, number	2008	2007
Restaurants	2,135	2,155
Vegas in restaurants	6,430	6,606
Bingo halls	87	90
Vegas in bingo halls	353	393

(excl. Our BingoLive halls, which are reported under the Bingo Halls sales area)

Bingo Halls sales area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
BingoLive	33	4	29	725.0
Vegas	28	4	24	600.0
Net gaming revenue, total	61	8	53	662.5
Gross gaming revenue, total	195	24	171	712.5
Number of BingoLive halls	7	4		
Number of Vegas in BingoLive halls	35	15		

Casino business area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Sundsvall	98	94	4	4.3
Malmö	268	251	17	6.8
Gothenburg	363	328	35	10.7
Stockholm	495	480	15	3.1
Net gaming revenue, total	1,224	1,153	71	6.2

Retail Outlet business area

Retail Outlet sales area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Stryktipset	313	357	-44	-12.3
Europatipset	108	116	-8	-6.9
Dubbelvinsten	11	14	-3	-21.4
Topptipset	50	9	41	455.6
Måltipset	108	120	-12	-10.0
Oddset	572	598	-26	-4.3
Lotto	1,255	1,222	33	2.7
Viking Lotto	46	49	-3	-6.1
Joker	385	380	5	1.3
Keno	586	563	23	4.1
Limbo	0	13	-13	-100.0
Penninglotten	12	13	-1	-7.7
Triss	1,559	1,572	-13	-0.8
Skräp-Spel	92	111	-19	-17.1
Tia	100	124	-24	-19.4
Other lotteries	38	46	-8	-17.4
Net gaming revenue, total	5,235	5,307	-72	-1.4
Gross gaming revenue, total	11,217	10,984	233	2.1

Retail Outlets

Retail outlets, number	2008	2007
Gaming retailers	1,930	1,973
Sole retail outlets in small locations	617	628
Rural retail outlets	254	264
Total retail outlets	2,801	2,865
Lottery outlet total	3,855	3,520
Checkout outlet total	155	
Retail outlet, total	6,811	6,385

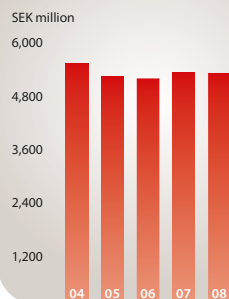
Subscription sales area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Triss	9	0	9	—
Net gaming revenue, total	9	0	9	—
Gross gaming revenue, total	18	0	18	—

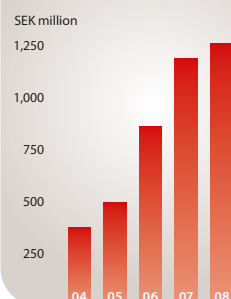
Association sales area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Triss	36	20	16	80.0
Christmas products	1	1	0	0.0
Net gaming revenue, total	37	21	16	76.2
Gross gaming revenue, total	65	38	27	71.1

Net gaming revenue Internet, 2004–2008



Net gaming revenue Retail Outlet, 2004–2008



Internet business area

SEK million	Net gaming revenue		Change	
	2008	2007	SEK million	%
Stryktipset	71	71	0	0.0
Europatipset	27	26	1	3.8
Dubbelvinsten	3	4	-1	-25.0
Topptipset	10	3	7	233.3
Måltipset	13	13	0	0.0
Oddset	132	118	14	11.9
Lotto	207	170	37	21.8
Joker	71	58	13	22.4
Keno	46	28	18	64.3
Bingo and Pick'n'Click	186	183	3	1.6
Limbo	0	1	-1	-100.0
Triss	78	80	-2	-2.5
Skräp-Spel	19	21	-2	-9.5
Tia	19	20	-1	-5.0
Other lotteries	1	0	1	—
Poker	372	385	-13	-3.4
Net gaming revenue, total	1,255	1,181	74	6.3
Gross gaming revenue, total	2,553	2,218	335	15.1

Last year, Svenska Spel started a partnership with Telia which is offering retailers a new service in the form of in-store surf stations. Store customers can buy time to surf on the internet and also to play via svenskaspel.se on these stations. At the end of the year, 60 retailers had installed Telia's surf zone with computers in-store and these retailers make a commission on the games played on svenskaspel.se from these computers.

Svenska Spel's own betting agency, which is adjacent to Svenska Spel's office on Sturegatan in Sundbyberg, was renovated and reorganised in 2008. In addition to functioning as a store and cafe, Svenska Spel can use the store as a laboratory for testing ideas, new games and a place to talk with gaming customers. The shop is accordingly called The Lab.

Association sales area

The two-year old Association sales area had net gaming revenue in 2008 of SEK 37 million (21).

At the end of 2008, the number of associations selling Svenska Spel lotteries increased to 2,401 (1,524).

By developing, selling and marketing an attractive range of games, Svenska Spel will create a broad acceptance in clubs and associations for the Association sales area and its distribution method. There should be simple and easy-to-use tools for the associations' gaming, lottery and subscription administration. Svenska Spel also offers support and consulting to associations to help them improve their opportunities for increasing revenues, greater commitment and knowledge in the field of responsible gaming.

Surveys undertaken by the sales area show that many associations have increased their knowledge and would consider starting to sell Svenska Spel products. The attitude towards the products and the sales area's approach is generally positive on behalf of the clubs and associations. This makes it easier for Svenska Spel to create friendly relationships with associations, primarily amongst the rank and file of the clubs.

The Association sales area has the task of contributing to wider efforts, improving the Company's position in the clubs and, thus, strengthening the Svenska Spel brand. Traditional lottery sales are declining in associations and they are looking for new approaches. A positive starting point is the offering of the internet partner service which Svenska Spel has launched. This needs to be further developed however, and customised to make it more interesting, and this will be undertaken in conjunction with the Internet business area in 2009.

In spring 2008, an arena game was launched with two ice hockey arenas on a trial basis. First out was Färjestad in Karlstad and Modo in Örnsköldsvik. The trial was expanded during the 2008/2009 hockey season, and the objective is to cooperate with six clubs to increase experience in these arenas.

Subscription sales area

Subscription is a newly-launched area and had net gaming revenue in 2008 of SEK 9 million. Today Svenska Spel has some 50,000 subscribers who have their lotteries sent home regularly by post. Currently it is possible to subscribe to Triss, Tia, Skrap-Bingo, SkrapKryss and SkrapPyramid, but there is potential to expand the service further, primarily through other games of chance. Customers can order subscriptions through Svenska Spel's retail outlets, associations and on svenskaspel.se.

Marketing and Product Strategy department

In February, two new winnings levels were introduced, Keno 1 and Keno 11, which helped to increase Keno sales. The packaging of Keno Special – with a predefined number of Keno rows at a fixed price – was launched in October. At the same time, changes were made to the supplement game Joker, providing differentiated stake levels of SEK 10, 20 or 30 and a fixed winnings schedule, with a top winnings of SEK 30 million.

European Cup Football was the major event in 2008 for sports betting, in particular for Oddset. Two new games were

Internet business area

Significant events in 2008

- Svenska Spel was first in the world to introduce a compulsory weekly budget for all internet gaming.
- Launched new site for svenskaspel.se with the gaming experience in focus.
- BingoLive started as a new brand on the internet to meet increasing competition from the internet bingo market.
- The new Spelkort customer card was sent out to more than one million Spelkort customers.

Priorities for 2009

- Develop customer dialogue by introducing community services, etc.
- Further develop responsible gaming.
- Continue development of gaming experience through launching a lottery and numbers arena.
- Invest in a new generation of mobile gaming services.
- Introduce new payment functions on Spelkort.

launched in conjunction with the event: Oddset Direkt, which is a convenience pack of several popular Oddset games along with Scorecast, in which the player tips the final result in combination with the first goal. During European Cup Football the marketing department worked with TV4 and evening newspaper Aftonbladet on major PR events in Kungsträdgården and Stadsgården in Stockholm. Svenska Spel's TV ad for Oddset, "The Stick", received Sweden's prestigious Golden Egg prize for the best advertising film in 2007. A new TV advertisement for Stryktipset stars John Terry, captain of the English national team and the Chelsea team.

Triss launched the year's "fattest lottery" with extra prizes and a highly-publicised virtual scratch at the Råsunda arena in conjunction with the international match between Sweden vs Portugal. The annual advertisement for Lotto with a message about Drömvinsten had its two best campaign weeks in the past ten years.

In 2009, the department will prioritise developing of new lotteries, reinforcing the brand names, and increased sponsorship of the major sports.

Internet business area

Net gaming revenue via internet and mobile phone increased in 2008 to SEK 1,255 million (1,181). This means that svenskaspel.se represents some 13% of Svenska Spel's net gaming revenue in 2008. Svenskaspel.se has a market share of some 30% (35) of Swede's net gaming on the internet according to a study made by the Internet business area in 2008. Gaming via mobile phone is comparatively marginal.

In October 2008, Svenska Spel's online store, svenskaspel.se, had a facelift in which the business area introduced a new site with a design making it easier to use. It was the first internet shop in the world to introduce compulsory weekly budgets for all internet gaming. This means that customers must specify how much, in SEK, they are prepared to game for per week on svenskaspel.se before they can start playing. If the specified weekly budget is exceeded, the customer has to wait until the following week before playing again. The procedure makes it easier for customers to keep track of their gaming and invest more reflection in their gaming.

Internet offers much the same games as retail outlets. In addition, there are certain gaming forms that are particularly well suited to the internet: Poker, BingoLive and Pick'n'Click. Poker is the major game form and svenskaspel.se is ranked as the seventh largest poker site in the world. Svenska Spel's arrangement of the Swedish online poker championships in December 2008 had an unfortunate end. During the final, the poker client was overloaded by the number of interested spectators. The game could not be recommenced, whereby the 21 remaining players had their entry fee refunded and shared the remaining prize pool according to a calculation model in Svenska Spel's poker rules. The calculation model is based on the remaining players' chips.

In 2008, an inquiry into Svenska Spel's internet poker (SOU 2008:36) was commissioned by the Ministry of Finance. The Inquiry concluded that " ... – against the background of the experiences during the Inquiry – that Svenska Spel has in all aspects fully followed the terms of its licence and the terms that were advised on application for the licence."

Internet bingo is a gaming form that has shown growth, while traditional bingo in halls has declined in recent years.

Sports betting on svenskaspel.se is one of the games facing the most competition. The European Football Championship programme was comprehensive and included highly appreciated and well-informed live broadcasts from Austria and Switzerland. In December, the business area followed up its web-TV success by starting an interactive gaming programme with expert tips, information and current sport and gaming objects with entertainment features.

"Spelkort" customer loyalty card

Development of a proprietary operating system for Spelkort, which was previously managed in different parts of the Company, has been coordinated in a new department within the internet business area.

Spelkort is Svenska Spel's customer loyalty card. The main services are winnings monitoring and access to the Playscan tool on svenskaspel.se. Spelkort is compulsory for gaming on svenskaspel.se, in Svenska Spel's bingo halls and for gaming on singles and doubles (Oddset) in stores. The ambition is to expand the services and increase the number of users over time. It should then be possible to use the card for gaming on all Svenska Spel's gaming forms and in all distribution channels, where technically possible or where regulations permit. A joint responsible gaming programme could feasibly be connected to such a corporate-wide customer card, with a unified offer to customers regardless of what or where they are gaming. An initial step was taken in October 2008 when a new card was sent out to the 1,123,853 existing Spelkort customers. The new Spelkort will systematically replace the old one during 2009.

Parent Company

The Parent Company comprises all gaming operations with the exception of casino operations. Net gaming revenue in the Parent Company amounted to SEK 8,580 million (8,445). The Parent Company's share of consolidated net gaming revenue is 87.5% (88.0).

Profit after financial items and tax amounts to SEK 5,121 million (5,133), a profit decline of SEK 12 million or -0.3%.

Investments in property, plant and equipment were SEK 252 million (125) and investments in intangible assets were SEK 53 million (33).

The average number of employees is 768 (700), of which 61% are men (59).

Employees

The total number of employees at the end of 2008 was 2,312 (2,177). This represents an average of 1,720 (1,588) in 2008. A total of 56% of the employees are men (56) and 44% are women (44).

Salaries are individual and differentiated. Salary and salary development is based on job descriptions, competency and performance. An annual salary review is made to analyse and identify deviations from the adopted guidelines. Action plans have been developed as needed, based on analysis.

The Salaried Employees Union (HTF) sued Casino Cosmopol for breach of the collective bargaining agreement pertaining to the Company's interpretation of incorporation of payment for inconvenient working hours into a fixed monthly salary. The Labour Court has found the Company guilty of a breach of the agreement. All payments were settled in 2008.

The outcome of the annual employee survey shows that 86% are satisfied with working for Svenska Spel (91%).

The health level defined as the percentage of employees who have been absent in the last 24 months due to illness less than 3.5% amounts to 77%, an increase in relation to the equivalent measurement in 2007. Absence due to illness is 3.7%, a reduction of 0.1% in relation to 2007.

Risks and risk management

Svenska Spel's day-to-day operations are exposed to various types of risk. With a limited and controlled amount of risk, business opportunities can be exploited in order to support the achievement of annual goals and long-term objectives.

Svenska Spel's objectives for risk management aim to ensure its business and operational planning focus on areas in which specific risk assessment is to be made, and to ensure that major risks and threats to business objectives are identified and managed accordingly.

For Svenska Spel's business to function and develop without disruption, a structured, effective and commercially-based risk management is needed.

The Board has ultimate responsibility for the Company's internal control and risk management.

Coordination and follow-up of the various risks in each unit is conducted by an independent risk control function – the Risk Manager – who is assigned the task of coordinating and administering the Group's overall risk assessment process. A summary of the key risk management areas for the Group is provided quarterly to the Security and Risk Committee and Key Management, as well as annually to the Audit Committee and Board.

Identifying key risks

Svenska Spel has divided its risks into four categories: industry and market risks, business risks, operational risks and asset risks.

Political risks are considered the most significant of the industry and market risks. Political risks relate to changes in rules and

regulations for the industry on a national or EU level which have the potential of becoming business risks. Gaming within the EU is not harmonised, but is regulated on a national basis and coordinated, to a large extent, within individual countries.

Current risks in this area are primarily the Gaming Inquiry into regulation of the Swedish gaming market, which handed down its report on 15 December. A potential change in the regulation of the Swedish gaming market could have a significant impact on the future of Svenska Spel.

Competition in the gaming market has grown significantly in recent years and this trend is expected to continue. Foreign internet operators have become established in Sweden and internet gaming has a considerable turnover.

The trend in gaming behaviour towards fast games and higher paybacks to winners is a tangible business risk, as competitors are able to offer higher paybacks than Svenska Spel can offer under its current licence. Other risks in this category could include the impact on Svenska Spel of new products, services, pricing models and sales methods.

Each unit in Svenska Spel is responsible for limiting and managing operational risks through documented routines, reliable IT systems, strategic IT systems with reliable back-up and routines and good internal control.

The main risks in the asset risk category are personnel-related and financial risks. Personnel risks are primarily related to stress, sickness and vulnerability. Employee turnover and dependence on key individuals are also risks in this area.

Financial risks are generally considered to be low. The Svenska Spel Group is self-financing, primarily due to its cash flow easily covering its operational costs. The Group does not have any interest-bearing liabilities. Management of the Group's financial risks is regulated by its financial and credit policies. The Finance staff function manages these risks for the Group.

Svenska Spel only operates in Sweden, but has a certain degree of currency exposure through the purchasing of material and services from suppliers outside Sweden. The Group's financial policy requires the Group to hedge its currency risk against the functional currency using hedging instruments.

Cash flow interest risks are also considered low as cash flow from operating activities are largely independent of changes in market interest rates. The accrued surplus of cash and cash equivalents is paid quarterly to the National Debt Office in accordance with the owner's instructions.

Risks for credit losses are deemed to be limited as gaming on credit is prohibited, implying that Group revenue is exclusively based on cash transactions. Regular scrutiny is also made of Svenska Spel's retailers, restaurants and associations to find out early in the process if a business partner is not able to meet their financial commitments.

The Group invests surplus liquidity in an account in its main bank with special terms of interest, prior to lending it on a quarterly basis to the National Debt Office.

Liquidity risk has historically been low and each year the Group accumulates substantial amounts of cash and cash equivalents and non-restricted equity, which is paid annually in its entirety to the Swedish Sports Confederation, the National Board for Youth Affairs and the owner. The cash flow statement presented in the 2008 accounts provides a good summary of the anticipated cash flow for 2009.

Further detailed information can be found in Note 1, Accounting and valuation policies on pages 85–90.

Corporate Social Responsibility (CSR) report

Svenska Spel's CSR Report is published for the fourth year running, see pages 29–62, and is based on the principles of the Global Reporting Initiative (GRI). The purpose of the CSR Report is to provide a balanced view of Svenska Spel's activities in the areas of responsible gaming, the environment, security and employees.

Responsible gaming

Responsible gaming is the key area of responsibility for Svenska Spel. In 2007, Svenska Spel introduced an 18-year age limit on all games other than lotteries in retail outlets and added a responsibility message to all its commercial advertising. Svenska Spel has signed the European Lottery code as regards the manner in which gaming companies are to work with responsible gaming. The Code will be implemented in the business in 2008. Svenska Spel has also developed the Playscan service – a tool that helps customers maintain their gaming on a healthy level. The aim is to implement Playscan in all distribution channels. Sanctions were introduced during the year on retailers in stores and restaurants who did not uphold the age limit. It has been decided to introduce compulsory age verification on VLTs and to apply restrictive new guidelines for marketing in addition to the general industry limitations. The basis for responsibility work is Svenska Spel's ethics policy, issued by the Board in 2008, which summarises the Company's overall guidelines for responsible behaviour.

Environmental responsibility

During the year, Svenska Spel developed guidelines for procuring goods and services with specific environmental guidelines in the areas of food, transport, electronics, printed materials and property. Business travel will be optimised and reduced in 2008. Development of the current environmental management system continues. Internally, Svenska Spel observed World Environment Day by serving organic food and inviting employees to see Al Gore's film "An inconvenient truth".

Security

Certification in accordance with the World Lottery Association's security control standard has been implemented, making Svenska Spel the ninth company in Sweden to be certified under ISO 27001 – Information Security Management System.

Responsibility for employees

Svenska Spel's policy is to be an attractive workplace with good working conditions, market-based salaries and a healthy and safe working environment, which promotes the development of the business and its employees in an effective and long-term manner. Each position is to be staffed by employees with the specifically required skills. Svenska Spel works to take advantage of and increase the diversity within the Company. This includes prevention of discrimination on grounds of ethnic background, religion, gender, sexual disposition or disability. During the year, Svenska Spel started a new management education in conjunction with Gotland University.

Work of the Board of Directors in 2008

According to the Articles of Association, the Board shall comprise not less than three and not more than ten directors. In addition, there are three ordinary employee representatives who are backed by three alternates. The Company's General Counsel is Secretary of the Board.

The CEO does not sit on the Board but has a reporting capacity at board meetings.

The Board is responsible for the organisation and administration of company matters for the Parent Company and the Group. The Board is to monitor development of the Parent Company and the Group on an ongoing basis, not less than quarterly. Based on this overall responsibility, the Board is entitled and obliged to deal with every matter it considers of importance to the Parent Company and the Group.

The Rules of Procedure for the Board and the CEO instructions are adopted annually in conjunction with the statutory board meeting following the AGM.

The Board has founded an Audit Committee and a Benefits Committee from within its ranks.

The main task of the Audit Committee is supervising accounting routines, financial reporting, risk management and internal control at AB Svenska Spel and its subsidiaries. The company's own review of internal control is reported to the Audit Committee.

The Benefits Committee handles issues relating to salary and employment terms for the CEO and Key management. The Benefits Committee and the Audit Committee report to the Board.

According to the Board's Rules of Procedures, the Board shall normally convene four meetings per year in addition to the statutory meeting. The Rules of Procedure prescribe the matters to be addressed at each meeting.

The Board held 16 meetings for which minutes were kept in the 2008 financial year, four of which were held per capsulam (by written correspondence). The key subjects were:

No 1, 2008: Financial statements, press release for interim and year-end results

No 2, 2008: Annual report, audit report

- No 3, 2008: Management discussion
 No 4, 2008: Statutory meeting after the AGM
 No 5, 2008: Interim report, first quarter
 No 6, 2008: Owner's changed mandate
 No 7, 2008: Interim report, second quarter, and strategic plan for business direction
 No 8, 2008: Investment and contractual matters
 No 9, 2008: Responsible gaming measures
 No 10, 2008: Interim report, third quarter
 No 11, 2008: Business plan, budget and organisational changes
 No 12, 2008: The Gaming Inquiry

Svenska Spel has no nominations process. The process of appointment and dismissal of directors is handled by the owner. The composition of the Board is presented below and further details on directors are presented in the Corporate Governance Report on pages 116–117.

Composition of the Board, 2008

	A. Main Board	B. Benefits Committee	C. Audit Committee
Directors elected by the AGM			
Anders Gustafzon ¹	Chairman	Chairman	
Margareta Winberg ²	Chairman	Chairman	
Stefan Borg	Director		
Björn Fries	Director		Member
Eva-Britt Gustafsson ²	Director		Member
Karin Johansson ¹	Director		Member
Lena Jönsson	Director	Member	
Lena Melinder	Director		Chairman
Lars Otterbeck	Director	Member	
Employee representatives³			
Anders Andersson	Director		
Sabina Augustsson	Alternate		
Britta Höglund ⁴	Alternate		
Lina Ingelsson ⁵	Alternate		
Elin Mårtensson	Director		
Martina Ravn ²	Alternate		
Bertil Sandström	Director		

1. Left the Board at the AGM on 15 April 2008.

2. Elected at the AGM on 15 April 2008.

3. Directors and alternates appointed by employee organisations are employed in the Group and are therefore not independent in relationship to the Company.

4. Left the Board at the AGM on 15 April, re-elected at the board meeting on 23 October 2008.

5. Left the Board at the board meeting on 23 October 2008.

Benefits to Key Management

The policies for benefits to the CEO and other Key Management were last adopted at the AGM on 15 April 2008. The policies are presented in the Corporate Governance Report on page 113.

Outlook for 2009

Svenska Spel is facing increasingly tough competition and a rapidly changing market, and its current position and future is

to some extent dependent on how politicians choose to regulate and control the overall Swedish gaming market. Gaming is becoming more global, with international gaming operators and international gaming cooperation. Gaming regulation has been undermined and the matter has not been solved at either an EU or a national level. The current position is that Svenska Spel in many aspects faces tougher conditions than foreign operators in such areas as the launch of new products and player payback levels.

In June 2007, the Government presented its directive for an inquiry into future gaming politics. In late May 2008, a supplementary directive was added that the Inquiry should also examine the assumptions for sale of parts of Svenska Spel.

The Inquiry's report was presented on 15 December 2008 with two alternative proposals for the regulation of the Swedish gaming market. In brief, the alternatives presented were as follows:

Alternative 1

- Tightening of the current regulation of the state monopoly
- Roles are clarified with a new gaming market supervisory authority
- Marketing rules are tightened
- Stronger protection for the most dangerous gaming forms (internet, VLTs and casino)
- Blocking of IP addresses

Alternative 2

In addition to the tightening in Alternative 1, the following change was added:

- Pools and odds gaming will be open to competition
 - Svenska Spel does not receive a licence

The report process is that, following response, preparation, proposition and legislation, the report is to form the basis of a new and modernised gaming legislation. The Inquiry considers that a new system of regulation can be introduced from 1 January 2011.

This means the Company's future is, over a perspective greater than one year, entirely based on political decisions.

At present, there is more competitive pressure in the Swedish gaming market than ever before. Foreign-based internet operators are undertaking increasingly intensive marketing. To maintain its competitiveness, Svenska Spel badly needs certain changes with regards to gaming licences.

Svenska Spel's overall strategy is to be the first choice of players; this strategy should, however, be in balance with the other overall strategies of responsibility before profit and sustainable development. In other words, the commercial focus should always be in balance with our responsibility measures. Market demands for gaming operators to take more responsibility are also positive for Svenska Spel's future prospects, as highlighted by its poker success, interest in the responsible gaming tool Playscan, etc.

In the short-term, based on current strategies, it is possible to maintain market leadership in Sweden provided no further restrictions are introduced. If the Swedish gaming model is to hold in a longer perspective, however, gaming regulations are needed that cover all actors on the Swedish market with effective State supervision and control; a matter that is as essential as it is decisive for the Company's future.

Events after balance sheet date

Meta Persdotter has been appointed new CEO and takes up the position on 1 February 2009.

The process of terminating the cooperation with the bingo alliances is underway.

Proposed distribution of profits

Svenska Spel's Articles of Association stipulate that the Group's available profits are to be distributed as prescribed by the government, with no dividends payable to shareholders. Proposed distribution of available funds is, therefore, based on the 2003/04 budget proposition (profit distribution model) and the 2008/09 budget proposal. The 2003/04 budget proposal states that a profit distribution system based on AB Svenska Spel's total surplus be introduced from 2004. A percentage of the surplus from AB Svenska Spel's operations should, after deduction of a base amount paid to the state, be earmarked for activities for children and youth in areas such as sports, outdoor life, culture, community activities and ethics. This percentage should be at a level equivalent to the 2002 profit from VLT operations and represents 50% of profits after deduction of the base amount.

In its 2008/09 budget proposal, the government requests parliamentary approval for its proposal that the 2009 Svenska Spel AGM adopt the following contributions: a subsidy of SEK 60 million to sports; a grant of SEK 500 million to sports, a grant equivalent to 1/26 of 2008 profits from the new Penninglotten to art, theatre and other cultural purposes.

Non-restricted equity in the Parent Company amounted to SEK 5,120,980,614, of which SEK 5,120,912,979 consists of profit for the year and SEK 67,635 consists of retained earnings.

Distribution is to take place following the adoption of the minutes of the AGM with dividends to the state made by 30 June. Distribution to other parties is made on requisition.

Non-restricted equity in the Parent Company

SEK	
Retained earnings	67,635
Profit for the year	5,120,912,979
Total	5,120,980,614

The Board of Directors and the CEO propose that the above amount be distributed as follows:

SEK	Paid out	Prop	Expenditure class
To the Swedish Sports Confederation	560,000,000	2007/08	17
To the Swedish Sports Confederation	777,994,000	2003/04	2
To the National Board for Youth Affairs	182,492,000	2003/04	2
To support culture	217,000	2007/08	17
To the Swedish State	3,587,176,000	2003/04	2
Carried forward	13,101,614		
Total	5,120,980,614		

Statement of the Board on proposed distribution of profits

Statement of the Board of AB Svenska Spel in accordance with Chapter 18 section 4 of the Annual Accounts Act (2005:551) with reference to the Board's proposed distribution of profits prior to the Company's AGM on 15 April 2009. The Board has proposed that AB Svenska Spel's profit available for distribution for the 2008 financial year be distributed in accordance with the proposal made to the AGM.

The proposed profit distribution does not affect AB Svenska Spel's restricted equity as reported in the latest balance sheet. After payment in accordance with the profit distribution, AB Svenska Spel will have non-restricted equity of SEK 13,101,614 and total equity of SEK 13,341,614, excluding changes that occurred after balance sheet date.

If changes after balance sheet date are also included, non-restricted equity is affected by periodic profit for at least four months before payment of the proposed profit distribution. This means an increase in non-restricted equity of approximately SEK 1.5 billion.

The Parent Company's and the Group's equity ratio and liquidity will increase over time but are, nevertheless, considered secure due to the market in which the Company operates and the extremely strong cash flow it generates. The Parent Company and the Group will, thus, be able to meet their short and long-term obligations with good margin, even subsequent to the proposed profit distribution.

The Parent Company and the Group will, after the proposed profit distribution, still be able to make investments required to ensure the develop and ongoing success of the Parent Company and the Group.

As a result, the proposed profit distribution is also defensible with respect to the demands made by the Parent Company's and Group's nature, scope and risks on the Parent Company and consolidated equity, as well as with respect to the Parent Company and Group's consolidation requirements, liquidity and general financial position. ■

Consolidated income statement

1 January–31 December SEK million	Note	2008	2007
Net revenue from gaming operations, etc.	2, 3	8,071	7,915
Other revenue	4	—	93
Capitalised work for own account		11	20
Employee expenses	6	–924	–895
Other external expenses	7, 25	–1,853	–1,696
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	–320	–309
Operating profit		4,985	5,128
Profit on financial investments			
Share of profit in associates		—	—
Profit on sale of investments in subsidiaries	4	0	–4
Finance income	8	290	215
Finance expenses	8	–167	–90
Total finance income and expenses		123	121
Profit after financial items		5,108	5,249
Tax	9	0	–2
PROFIT FOR THE YEAR		5,108	5,247
Profit attributable to equity holders of the Parent Company		5,108	5,247
Earnings per share	17		
Average number of shares		2,000	2,000
Earnings per share, basic and diluted, SEK thousand		2,554	2,624

Balance sheet, Group

SEK million	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	5, 10	259	269
Property, plant and equipment	11	1,193	1,024
Financial assets	12	1,354	1,137
Total non-current assets		2,807	2,430
Current assets			
Trade and other receivables	12, 13	428	426
Set off, National Debt Office	12, 27	1,200	1,400
Prepaid expenses	14	116	72
Investments	12	1,175	269
Cash and cash equivalents	12, 15	2,187	3,371
Total current assets		5,105	5,538
TOTAL ASSETS		7,912	7,968
TOTAL EQUITY AND LIABILITIES			
Equity			
	16		
Share capital		0	0
Reserves		0	0
Retained earnings incl. profit for the year		5,108	5,247
Total equity		5,108	5,248
Non-current liabilities			
Unpaid winnings	18	1,194	1,076
Other non-current liabilities	19	42	43
Provisions for pensions	20	14	16
Total non-current liabilities		1,250	1,134
Current liabilities			
Trade and other payables	12, 21	555	644
Unpaid winnings	18	593	436
Deferred income	24	114	81
Settlement funds	22	101	95
Funded winnings	22	191	330
Total current liabilities		1,554	1,586
Total liabilities		2,804	2,721
TOTAL EQUITY AND LIABILITIES		7,912	7,968

Consolidated cash flow statement

1 January–31 December SEK million	Note	2008	2007
Operating activities			
Profit for the year		5,108	5,247
Adjustments for items not included in cash flow			
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	320	309
Proceeds from sale of non-current assets		–4	–94
Change in pension provisions	20	–1	–3
Other adjustments		6	–23
Current tax		—	—
Cash flow from operating activities before changes in operating assets and liabilities		5,429	5,436
Cash flow from changes in operating assets and liabilities			
Change in trade and other receivables		–2	–55
Change in other current assets		–749	–615
Change in trade and other payables		–90	163
Change in other operating liabilities		174	295
Cash flow from operating activities		4,762	5,224
Investing activities			
Investments in intangible assets	10	–65	–33
Purchases of property, plant and equipment	11	–419	–172
Net investments in financial assets	12	–224	148
Sale of financial assets		—	365
Proceeds from sale of property, plant and equipment		10	3
Cash flow from investing activities		–699	311
Financing activities			
Distribution of previous year's profit		–5,247	–4,807
Cash flow from financing activities		–5,247	–4,807
Cash flow for the year		–1,184	728
Cash and cash equivalents at beginning of the year	15	3,371	2,643
Cash and cash equivalents at end of the year	15	2,187	3,371

Consolidated statement of changes in equity

SEK million	Note	Share capital	Reserves	Retained earnings incl. profit for the year	Equity attributable to equity holders of the Parent Company	Attributable to minority interests	Total equity
Equity 31 December 2006	16	0.2	0	4,807	4,810	2	4,810
Profit for the year				5,247	5,247		5,247
Total recognised revenue and costs				10,054	10,057	2	10,057
Distribution pertaining to 2006				–4,807	–4,807	—	–4,807
Transactions with minorities				—	–2	–2	–2
Equity 31 December 2007		0.2	0	5,247	5,247	0	5,247
Profit for the year				5,108	5,108	0	5,108
Total recognised revenue and costs				10,355	10,355		10,355
Distribution pertaining to 2007				–5,247	–5,247	—	–5,247
Equity 31 December 2008		0.2	0	5,108	5,108	0	5,108

Income statement, Parent Company

1 January–31 December
SEK million

	Note	2008	2007
Net revenue from gaming operations, etc.	2	6,780	6,699
Capitalised work for own account		11	20
Employee expenses	6	–520	–468
Other external expenses	7	–1,647	–1,487
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	–250	–248
Operating profit		4,373	4,516
Profit on financial investments			
Share of profit of Group companies	28, 29	611	519
Share of profit from investments in subsidiaries	4	—	–4
Financial income	8	304	223
Financial expenses	8	–167	–120
Total finance income and expenses		748	618
Profit after financial items		5,121	5,133
Tax	9	—	—
PROFIT FOR THE YEAR		5,121	5,133

Balance sheet, Parent Company

Assets

SEK million	Note	31 Dec. 2008	31 Dec. 2007
ASSETS			
Non-current assets			
Intangible assets	5, 10	246	266
Property, plant and equipment	11		
Buildings and land		23	24
Construction and extensions		19	19
Construction in progress		13	—
Equipment and computers		465	406
Financial assets			
Investments in Group companies	28	71	71
Non-current receivables, Group companies	27	568	570
Other investments held as non-current assets	12	1,355	1,137
Total non-current assets		2,760	2,493
Current assets			
Current receivables			
Trade receivables	13	411	393
Receivables from Group companies		630	531
Set off, National Debt Office	12, 27	1,200	1,400
Other receivables	13	4	15
Prepayments and accrued income	14	86	57
Investments	12	1,240	283
Cash and bank	15	1,980	3,205
Total current assets		5,551	5,884
TOTAL ASSETS		8,310	8,377

Balance sheet, Parent Company

Total equity and liabilities

SEK million	Note	31 Dec. 2008	31 Dec. 2007
TOTAL EQUITY AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital		0	0
Statutory reserve		0	0
Non-restricted equity			
Retained earnings		0	114
Profit for the year		5,121	5,133
Total equity		5,121	5,247
Provisions			
Provisions for pensions	20	13	15
Total provisions		13	15
Non-current liabilities			
Liabilities to Group companies		0	0
Unpaid winnings	18	1,194	1,076
Other non-current liabilities	19	42	43
Total non-current liabilities		1,235	1,119
Current liabilities			
Trade payables	21	196	210
Unpaid winnings	18	593	436
Liabilities to Group companies		529	569
Settlement funds	22	101	95
Funded winnings	22	156	312
Other current liabilities	21	173	165
Accrued expenses and deferred income	24	193	209
Total current liabilities		1,941	1,995
TOTAL EQUITY, PROVISIONS AND LIABILITIES		8,310	8,377
MEMORANDUM ITEMS			
Pledged assets	26	12	1
Contingent liabilities	26	0	0

Cash flow statement, Parent Company

1 January–31 December SEK million	Note	2008	2007
Operating activities			
Profit for the year		5,121	5,133
Adjustments for items not included in cash flow			
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	250	248
Proceeds from sale of non-current assets		0	0
Anticipated dividend Casino Cosmopol AB	29	–611	–519
Change in pension provision	20	–2	–1
Other adjustments		6	–21
Current tax		—	—
Cash flow from operating activities before changes in operating assets and liabilities		4,765	4,841
Cash flow from changes in operating assets and liabilities			
Change in trade receivables		–18	–66
Change in other current assets		–875	–675
Change in trade payables		–14	–3
Change in other operating liabilities		76	642
Cash flow from operating activities		3,934	4,739
Investing activities			
Investments in intangible assets	10	–53	–33
Purchases of property, plant and equipment	11	–252	–125
Net investments in financial assets	12	–129	586
Proceeds from sale of property, plant and equipment		3	2
Dividends received		519	381
Cash flow from investing activities		88	810
Financing activities			
Distribution of previous year's profit		–5,247	–4,807
Cash flow from financing activities		–5,247	–4,807
Cash flow for the year		–1,226	742
Cash and cash equivalents at beginning of the year	15	3,205	2,463
Cash and cash equivalents at end of the year	15	1,980	3,205

Statement of changes in equity, Parent Company

SEK million	Note	Restricted equity		Non-restricted equity		Total equity
		Share capital	Statutory reserve	Retained earnings	Profit for the year	
Equity 31 December 2006	16	0.2	0.1	155	4,766	4,921
Profit for the year				—	5,133	5,133
Total recognised revenue and costs				155	9,899	10,054
Distribution pertaining to 2006				–41	–4,766	–4,807
Equity 31 December 2007		0.2	0.1	114	5,133	5,247
Profit for the year				—	5,121	5,121
Total recognised revenue and costs				114	10,254	10,368
Distribution pertaining to 2007				–114	–5,133	–5,247
Equity 31 December 2008		0.2	0.1	0	5,121	5,121

Number of outstanding shares amounts to 2,000 and has not changed during the financial year.

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Note 1 Accounting and valuation policies

Conformity with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) for application within the EU with the exceptions indicated below. The following recommendations of the Swedish Financial Reporting Board have also been applied: RFR 1.1 'Additional accounting regulations for groups' and RFR 2.1 'Accounting for Legal Entities'.

The Parent Company applies the same accounting policies as the Group except as specified below under 'Parent Company's accounting policies'.

Assumptions during preparation of the Parent Company's and Group's financial statements

The reporting currency of the Group and the functional currency of the Parent Company is SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

Preparing the financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and carrying amounts. Estimates and assessments are based on past experience and reasonable expectations regarding future events. The outcome may diverge from these estimates and assessments. Estimates are regularly reviewed. Estimates that have an impact on the financial statements are described in Note 31.

Changed accounting policies

There have been no changes to accounting policies in comparison with the previous financial year.

Standards and interpretation statements applicable from 1 January 2008

The year's changes in standards and interpretation statements have been analysed and are not deemed to have any impact on the Group's accounting and consolidated financial reporting.

The standards and interpretation statements have been published but are not yet effective.

The following new or changed standards and interpretation statements have been analysed in light of their anticipated effect on Svenska Spel in coming financial statements or accounting:

Supplements to IAS 1 – Presentation of Financial Statements

The change, which aims to improve the user's ability to analyse and compare information in the financial reports, is effective on 1 January 2009 and applies to financial years starting after that date. The Group will apply the changes in IAS 1, which involves minor changes in the presentation of its financial statements.

IFRS 8 – Segment reporting

The new standard, which is effective 1 January 2009, primarily involves the segments of the Group being identified and reported according to the internal operational reporting used by the Group's appointed Chief Operating Decision Maker (CODM). As the Group has implemented a minor organisational change at the end of the year, the evaluation of how IFRS 8 might affect segment reporting is still being made.

Note 1, cont.**Supplement to IAS 23 – Borrowing costs**

The current standard provides the opportunity to determine to capitalise borrowing costs or include borrowing costs in the cost of the asset pertaining directly to acquisition, construction or production. The change, which is effective on 1 January 2009, means that borrowing costs pertaining to assets that take a significant time to complete for usage or sale are to be capitalised. As the Group does not have, and is not expected to have, any interest-bearing liabilities, this supplement will not have any impact on the consolidated financial reports.

Change in IFRS 5 – Held-for-trading non-current assets and closed operations

This change addresses the reporting of assets and liabilities in a subsidiary when a decision is being made regarding the partial disposal of the subsidiary. The change, which is effective 1 July 2009, is not expected to affect the Group's current accounting as no subsidiary sales are planned.

IFRS 3 – Business Combinations

The changes in IFRS 3 apply to financial years starting on 1 July 2009 or later, and aim to increase the uniformity of international accounting policies. The changes pertain in part to a change in the definition of an acquisition, such that an operation that is not run independently may still be deemed to comprise an acquisition. Another change is that transaction costs relating to the acquisitions are expensed directly. The changes in IFRS 3 may affect the Group's evaluations of potential future acquisitions.

IAS 27 – Consolidated and separate financial statements

Changes in the standard, which in part involve certain changes in accounting for minority shares of losses, are a result of changes in IFRS 3, Business Combinations. In the case of future acquisition in the Group, the changes in IAS 27 will be taken into account. The standard is effective from 1 July 2009.

Other standards and interpretation statements that have been published pertaining to IFRS, IAS and IFRIC are deemed to have no impact on Svenska Spel's accounting.

Classification

Non-current assets and non-current liabilities consist substantially of the amounts expected to be recovered or paid more than 12 months after balance sheet date. Current assets and current liabilities consist purely of amounts expected to be recovered or paid less than 12 months from the balance sheet date.

Assets and liabilities are accounted for under the historic cost convention, except for certain financial assets and liabilities which are valued at fair value.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company AB Svenska Spel and all companies in which the Parent Company directly or indirectly holds more than 50% of the voting rights, or otherwise exercises controlling influence. Controlling influence entails the right to develop the financial and operative strategies of a company with a view to gaining economic benefit.

The consolidated financial statements have been prepared using the purchase method. The method implies that the Parent Company indirectly owns the assets of a subsidiary and takes over its liabilities and contingent liabilities. The amount by which the cost of the acquisition exceeds the net value of the acquired assets, liabilities and contingent liabilities is recognized as goodwill. Negative differences are charged directly to the income statement as revenue.

A subsidiary's income and expenses and its assets and liabilities are consolidated in the Group accounts from the date the Parent Company gains a controlling influence over the company (acquisition date) and is no longer included from the date the Parent Company's controlling influence ceases.

All Group companies have a calendar-based financial year and have uniform accounting policies.

Inter-company receivables and liabilities, inter-company transactions, and unrealized gains and losses on transactions between Group companies are eliminated completely in the consolidated financial statements. Losses are eliminated in the same way as profits, provided there are no impairment indicators.

Commercial terms and market pricing apply in the delivery of services and products between companies in the Group.

Segment reporting

The Group's internal organisational structure reflects the segments which are based on the business areas, and which also represent the Group's primary segments. Secondary segments are not reported as a geographic division is not deemed relevant when virtually all operations are undertaken in Sweden.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other surplus values and undervalue on consolidation, are translated from the functional currency to SEK at the closing rate. Income and expenses in foreign operations are translated to SEK at average exchange rates. Resulting exchange differences are charged directly against equity as a translation reserve. When a foreign operation is partly or completely sold, the exchange rate differences recognised in equity are transferred to the income statement and recognised under capital gains/losses. The subsidiary UAB Winloto in Lithuania was sold in 2007.

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing on the dates of the transactions. At the end of the month, assets and liabilities in foreign currency are translated at the closing exchange rate. Foreign exchange gains and losses in current receivables and liabilities are included in operating profit, but foreign exchange gains and losses on financial assets and liabilities are recognized among financial items. The payment flow in foreign currencies is limited.

Exchange rates

Currency	Closing day rate 31 Dec 2008	Closing day rate 31 Dec 2007
USD	7.7775	6.4925
EUR	10.9605	9.4985
GBP	11.2775	12.9350
CHF	7.3555	5.6967

Revenue recognition

Svenska Spel's revenue consists of the net surplus generated from providing the platforms enabling the customers, for entertainment purposes, to redistribute funds between participants in lotteries and games.

Note 2 shows the allocation of player stakes, winners' shares, retailer commissions and other revenue.

The revenue recognition in Note 2 varies somewhat between different types of games. Revenue from games, lotteries and VLTs is reported on a gross basis, which means the stakes are reported as revenue and the winners' share is reported as an expense. Revenue from games and VLTs arises at the time stakes are paid, while revenue from lottery tickets arises when a retailer activates a batch of tickets for sale which in principle represents the point of sale. All revenue from casino games (gaming tables and VLTs) is accounted for net. This means that the winners' share reduces the revenue at the time of reporting, which is the usual reporting method within the casino industry. Casino revenue arises in principle at the point of sale and in practice when the gaming tables or VLTs are closed. All gaming and lottery revenue is reported daily, with the exception of restaurant gaming

which is reported on a weekly basis. When a week is split over a month-end, the week is attributed to the month to which the major portion belongs. During the previous year, gaming and lottery revenue, except gaming revenue from casino operations, and restaurant gaming was reported weekly. The change from weekly reporting to daily reporting improves year-on-year comparability. Poker is settled daily and accounted for on a net basis. Recognition comprises the percentage share of the stakes credited to Svenska Spel known as the "rake".

Betting games (Längen, Matchen, Bomben, Mixen) fulfil the definition of derivatives and are therefore to be regularly revalued and recognised at fair value. The Company lacks systems support for such revaluation however, and settlement is made when the bet closes and is thus realised. The duration of the bet is short, which is why unsettled bets at the end of the period are immaterial in scope.

Other operating income consists mainly of sales revenue from restaurant and café operations, leasing income from leased VLTs and premises, casino entrance fees and registration fees. These revenues are recognised in the period to which they relate.

Interest income is recognized as revenue at the applicable rate.

Intangible assets

Costs leading to improved gaming products or processes are carried as assets in the balance sheet if the product or process is technology-based and can be used commercially, and if there are sufficient resources to complete development and then use and sell the intangible asset. The carrying amount includes material costs, direct salary costs and indirect costs that are attributable to the asset in a reasonable and consistent manner. Other development costs are charged to the income statement as costs when they incur. Development costs recognised in the balance sheet are charged at cost less accumulated amortisation and impairment as appropriate.

The intangible assets of the Group consist primarily of capitalised development costs for new gaming products and new gaming systems that are considered to be of material economic value for the business in coming years. Activities during feasibility study phases, as well as entertainment and education initiatives, are recognised as expenses on an ongoing basis, as is development work to enhance existing gaming and lottery products. Other intangible assets pertain to acquisitions and licences.

Depreciation, amortisation and impairment policies

Amortisation is undertaken on a straight-line basis over the expected useful life of the asset starting from the date the asset is first put to use. The useful life and any residual value of assets are reassessed at each balance sheet date to establish whether there are any impairment indicators. If such indication arises, the asset's recoverable amount is calculated. The recoverable amount for intangible assets with an indefinite useful life and intangible assets not ready for use, is reviewed annually. Impairment is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are charged to profit and loss. Impairment is reversed if there has been a change in the assumptions underlying the determination of the recoverable amount.

Depreciation periods	Number of years
New applications for gaming products	3 (3)
Systems platforms for new gaming products	5–10 (5–10)
Acquisitions	5 (5)
Licences	5 (5)

Annual impairment testing of intangible assets

Intangible assets are tested annually for impairment and the recoverable amount of individual assets is estimated. If the fair value of the asset is higher than the calculated recoverable value, the asset is impaired to this value. The recoverable amount represents value in use and is calculated by discounting future estimated cash flows pertaining to individual intangible

assets. The recoverable amount of non cash-generating assets that are substantially independent of other assets is calculated for the cash-generating unit to which the asset belongs. A pre-tax discount rate of 10.75% has been used for measurement of the recoverable amount.

The material assumptions behind estimated cash flows are primarily forecast sales pertaining to respective IT platforms and an estimate of margins based on experience. The sales forecast is based on internal analyses of the available market and actual market penetration for the games and lotteries that are run from the current system platforms. Impairment testing indicates that there is no impairment requirement with the exception of the gaming platforms for bingo halls. Other recoverable amounts exceed the carrying amount by a good margin for all tested cash generating units. Sensitivity analyses show that even material changes in areas such as cost of capital do not change this relationship.

Property, plant and equipment

Property, plant and equipment is recognised as an asset in the balance sheet to the extent it is probable that future financial benefits will be credited to the Group, and that the cost of the asset can be calculated in a reliable manner. Property, plant and equipment is recognised at cost with deductions for accumulated depreciation as well as any impairment loss. The cost includes the purchase price as well as costs directly attributable to getting the asset to the appropriate place in the appropriate condition for its intended use.

Additional costs are added to the carrying amount of the asset or recognised as a separate asset, as is most appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Company, and when the cost of the asset can be reliably measured. The carrying amount for the replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as costs in the income statement during the period they arise.

Property, plant and equipment consisting of portions with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet on disposal or sale, or when no future economic benefits are expected to arise from use of the asset. Profit or loss arising on the sale or disposal of an asset represents the difference between the selling price and the carrying amount of the asset, with deduction made for direct selling costs.

Depreciation, amortisation and impairment policies

Amortisation is undertaken on a straight-line basis over the expected useful life of the asset starting from the date the asset was first put to use. The carrying amounts for the Group's assets and useful life are tested at each balance sheet date to establish whether there are any impairment indicators. If such indication arises, the asset's recoverable amount is calculated. Impairment is recognised via the balance sheet when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment is reversed when there are changes in the assumptions underlying the determination of the recoverable amount.

Depreciation periods	Number of years
Buildings	50 (50)
Construction and extension, own property	10 (10)
Construction and extension, property held under lease	20–30 (20–30)
Land	No depreciation
Land improvements	20 (20)
VLTs	5 (5)
Equipment	3–5 (3–5)
Computers	3–5 (3–5)

Note 1, cont.

Borrowing costs

Borrowing costs for non-current assets are not capitalised at cost but are charged against income in the period to which they relate.

Leased assets

Leasing is classified in the consolidated financial statements as operating or finance. Finance leasing occurs when the economic risks and rewards of ownership are materially transferred to the lessee. Leasing fees related to operating leasing agreements are recognised as income/expense in the income statement in the period to which they belong. Assets hired under finance leasing agreements are not recognised as property, plant and equipment but rather as financial liabilities calculated as the present value of the lease agreements during the lease term.

All leasing agreements entered into by the Svenska Spel Group have been analysed and are deemed to be operating leases.

Leasing agreements in which the Group is the lessee relate essentially to leased premises. Leasing agreements in which the Group is the lessor relate primarily to the leasing of VLTs to gaming retailers.

Financial instruments

Financial instruments are all forms of contracts resulting in a financial asset or liability. Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, trade receivables, shares and loan receivables.

Trade payables, issued debt instruments and loans payable are included among liabilities and equity.

Recognition and classification of financial instruments

Financial instruments are initially carried at cost representing the fair value of the instrument, with transaction costs added for all financial instruments except those defined as a financial instrument carried at fair value in the income statement for which transaction costs are also recognised in the income statement.

A financial asset or financial liability is reported in the balance sheet when the Company becomes party to the contractual conditions of the instrument. Financial assets are removed from the balance sheet when the right to receive cash flow from the instrument has expired or has been transferred and the Group has transferred essentially all of the risks and benefits associated with ownership. A financial liability is removed from the balance sheet when the contractual obligations are fulfilled or otherwise ended.

Financial instruments are classified in categories. Classification is based on the purpose for which the financial instrument was acquired. Classification of the instrument is determined by management on initial recognition and retested on each balance sheet date. The categories are as follows:

1) Financial assets and financial liabilities are valued at fair value through profit and loss.

This category consists of two sub-groups:

a) Financial assets and liabilities held for trading.

Currency forward agreements are established in compliance with the Group's Finance Policy to hedge the flow of foreign currencies related to the purchase of property, plant and equipment. These derivatives are carried at fair value and fluctuations in value are reported on a regular basis in the income statement as 'Interest income and other finance income'. The Group does not apply hedge accounting in accordance with IAS 39.

b) Financial assets and liabilities that on initial recognition are deemed to belong to this category.

Svenska Spel has financial investments in bonds with a real rate of interest intended to provide funds for future payments of winnings in Triss Månadsklöver. These are reported in the balance sheet as 'Financial assets' and

'Investments' respectively. The equivalent liability item representing future payment to winners for the above lottery form is recognised in this category.

Cash and cash equivalents consist of cash and bank balances that are immediately accessible and investments with an original maturity of less than three months, which are not subject to any material risk of value fluctuation. Short-term investments under cash and cash equivalents are carried at fair value. Changes in value are recognised under finance items in the income statement.

The Group has no financial liabilities in this category.

2) Loan and trade receivables

Trade and other receivables are classified under this category as they have determined or determinable payments and are not quoted on an active market. Recognition is at amortised cost less any allowance for any decline in value. As the expected maturity is short, the valuation is at the nominal amount expected to be received. Individual assessments are made if there is objective evidence of an impairment requirement. Impairment of trade receivables is recognised under operating costs.

Inventories are recognised at the lesser of cost and net sales value. Cost is determined using the first-in-first-out (FIFO) method. This comprises almost exclusively groceries for the restaurant and café operations run within the Group. Inventory is recognised in the balance sheet under Trade and other receivables.

3) Investments intended to be held to maturity

This category comprises financial assets with determined or determinable payments and determined maturity, which are held with the intention of being held to maturity.

Surplus liquidity investments are made in accordance with the Group's finance policy in zero coupon bonds and commercial papers. Investments with an original maturity of less than three months are classified and valued as cash and cash equivalents. Other investments with maturities of between three and twelve months are classified under this category when they are intended to be held to maturity.

4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets. Assets in this category are valued at fair value with changes in value charged to equity. The Group has no financial assets in this category.

5) Other financial liabilities valued at accrued cost

Trade and other payables have short expected due dates and are valued without discounting at the nominal amount. All Group funds are valued at accrued cost.

The settlement fund includes lottery and game winnings that are not claimed on the expiry date. The redemption period for restaurant games is 30 days. For other games, the redemption period for winnings is normally 90 days and for lotteries, 1.5 years. When the redemption date has passed, 50% of unclaimed winnings is recognised as revenue. The remaining 50% is placed in a settlement fund in compliance with the Company's licence. Paid winnings are rounded down to the nearest SEK and the excess amount is transferred to the settlement fund. The funds in the settlement fund are used to cover the future payments of winnings on basis of approved claims, and can be used to distribute additional funds to winning participants via, for example, increasing the frequency of winnings or by increasing the amounts in certain winning categories during campaigns.

Funds are accumulated for the jackpots of various types of games. Funded winnings may vary greatly over time depending on the timing of the wins.

Taxes

The Parent Company, AB Svenska Spel, and its subsidiary, Casino Cosmopol AB, are exempt from liability to pay taxes on income from business opera-

tions and are also in principle not required to pay value added taxes. These companies are also exempt from lottery tax. Companies in the sub-group Svenska Spels Förvaltnings AB, have a tax liability however and are also in principle required to pay value added tax.

Income taxes consist of current tax and deferred tax. Income taxes are charged directly to the income statement except when the underlying transaction is charged directly to equity when the associated tax effect is recognized in equity.

Current tax is tax that is to be paid or received pertaining to the current year with application of the tax rates in effect on balance sheet date.

Deferred tax is determined using the balance sheet method based on the temporary differences between the carrying amount and the value of assets and liabilities for tax purposes. Deferred income tax is calculated based on the application of the tax rates in effect on balance sheet date. Deferred tax assets relating to tax deductible temporary differences and tax loss carry-forwards are recognised to the extent it is probable that they will lead to lower future tax payments.

Held-for-trading non-current assets and closed operations

Non-current assets held for trading are recognised at the lowest of the previous carrying amount and the fair value after deduction of selling expenses. Losses resulting from decreases in value or revaluation are recognised in the income statement.

Employee benefits

Pension plans

Salaried employees within the Svenska Spel Group are covered by the ITP plan administered by Collectum. The Parent Company also has former obligations that are secured through the Svenska Spel Pension Fund. Regular payments of these pension commitments are made by AB Svenska Spel. The Company is then compensated for these payments by the Svenska Spel Pension Fund.

Pension obligations after terminated employment are either classified as defined contribution or defined benefit plans. During the year, the Svenska Spel Group has changed the pension assurance form for all employees (other than salaried employees) under the collective agreement of the Swedish Trade Union Confederation. The ITP plan that previously also covered union members at Svenska Spel has, for this category of employees, been replaced with the SAF-LO endowment insurance administered by Fora. According to a statement from the Swedish Financial Reporting Board UFR 2, these types of pension plans are to be classified as defined benefit plans under the ITP plan.

Collectum, which insures the ITP plan has, meanwhile, not been able to provide Svenska Spel or other companies with sufficient information to be able to determine the Company's share of the plan's total assets and liabilities. These are only attributable to the insurance beneficiary. These obligations are therefore recognised under UFR 5 as a defined contribution plan.

Older pension obligations in the Group are of an immaterial amount.

Termination benefits

A provision is recognised in conjunction with termination of employees only if the Company is demonstrably committed to either terminating the employment before retirement date, or when termination benefits are provided to encourage voluntary redundancy. The provision is recognised when no service is required in return from the employee.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation resulting from past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the effect of the timing of the payment is significant, provisions are determined by discounting the expected future cash flow at a pre-tax interest rate reflecting the current market estimate of the value of the funds at that time. The majority of these provisions comprise provisions for pensions.

Svenska Spel's Pension Fund does not fully cover Svenska Spel's pension commitments. The difference is recognised as a provision in the balance sheet.

Government grants

Svenska Spel does not receive any Government or other financial grants.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances and investments with a maturity of less than three months, which are not subject to any material risk of value fluctuation.

Parent Company's accounting policies

The Parent Company has prepared its annual financial statements in conformity with the Annual Accounts Act (1995:1554) and the Recommendations of the standards of the Swedish Financial Reporting Board in RFR 2.1 'Accounting for legal entities'. This implies that in the annual financial statements for the legal entity, the Parent Company is to apply all EU-adopted IFRS and statements from IFRIC to the extent possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and in consideration of the relationship between accounting and taxation. The recommendations state the exceptions to be made from, and supplements to, IFRS. The Parent Company applies the same accounting policies as the Group except as specified below.

Cash and cash equivalents

Cash and cash equivalents consist of cash, balances at banks and similar institutions that are immediately accessible, and short-term investments with a maturity from the date of acquisition of less than one year.

Provisions for pensions

Provisions for pensions in the Parent Company are calculated according to the Pension Obligations Vesting Act.

Distribution and distribution policies

Distribution to the equity holders of the Parent Company is recognised as a liability in the financial reports of the Parent Company and the Group when the distribution is adopted by the equity holders of the Parent Company. The Parent Company anticipates dividends from subsidiaries. The Articles of Association state that non-restricted equity in the Parent Company is to be distributed in its entirety to the sporting movement, the National Board for Youth Affairs, for cultural purposes, and to the owner (the Swedish State).

Financial risk management

The Group is exposed to various financial risks through its operations: foreign exchange risk, interest risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and aims to minimise potentially harmful effects of the Group's financial results.

Risk management is managed by a central finance department in conjunction with a hedging department in accordance with the policy determined by the Board. The departments evaluate and hedge financial and other risks in collaboration with other units in the Group. The Board has written policies for overall risk management, as well as for specific areas.

Foreign exchange risk

The Group is only operative in Sweden but is exposed to foreign exchange risks arising from currency exposures pertaining to the purchase of specialised equipment and to the printing of lottery tickets. The exposure is to USD, EUR as well as to CHF and GBP. Foreign exchange risk arises only through future business transactions when the Group does not have any assets or liabilities in currencies other than SEK nor any investments in foreign operations.

Note 1, cont.

The Group's Finance Policy requires that it handle foreign exchange risk against the functional currency via hedging instruments. This implies that that 100% of the contracted currency flows are to be hedged when the contract is signed. Projected flows are to be hedged to a level of 50–100% over a period of 6–12 months. Planned investments involving significant insecurity, such as with regard to the currency and the size of the flow, are to be hedged before the contract is signed.

The Group's transaction exposure expressed in SEK million is allocated against the following currencies:

Currency	2008	2007
EUR	288.5	78.1
USD	7.2	41.0
CHF	4.5	3.9
GBP	3.1	1.6
Total	303.3	124.6

As more or less all consolidated revenue and expenses consist of payments in SEK, and due to the fact that the foreign exchange risk pertaining to future business transactions is covered by hedging contracts, the remaining foreign exchange risk is negligible. Changes in the value of the Group's functional currency in relation to other currencies has therefore not had any short-term impact on consolidated profit.

Interest rate risk

The Group's interest risks refer to interest rate fluctuations that affect investments in real rate interest rate bonds and surplus liquidity investments.

Real interest rate bonds are used to hedge the Group's commitments with winners in the Triss Månadsklöver lottery. Svenska Spel pays a one-off amount to an independent administrator for each win. This payment is based on a present value calculation of future winnings payments at the current rate of interest on the Swedish real interest rate market. The payment is adjusted to cover the future payments to the winner. The liability to winners is upwardly adjusted annually according to the CPI trend. To manage interest rate risk relating to real interest rate bonds, it is the responsibility of the manager to ensure that the interest rate sensitivity of an investment in the asset, real interest rate bonds, is equal to the liability to the winner, and that the portfolio's interest rate sensitivity to real interest rate bonds is equal to that of the liability, as far as possible. Overall, the Group's interest risk associated with assets and liabilities in real interest rate bonds is deemed to be negligible.

A lesser portion of the Group's cash and cash equivalents is invested in financial instruments which largely comprise zero coupon bonds and commercial paper which is held to maturity.

Credit risks

As gaming may not take place on credit, which means consolidated revenue consists exclusively of cash transactions, the credit risk in the Group's operations is limited. Exposure to credit risk arises in funds that are generated on an ongoing basis at retailers, associations and restaurants selling the Group's range of games and lotteries on an assignment basis.

This type of credit risk relates to the risk that these partners are not able to fulfil their financial obligations. This risk is managed in accordance with the Group's credit policy, which has set routines for handling financial flows, credit assessments and collateral, etc.

The routines for approval of gaming retailers and restaurants are prepared in detail and are based on classifying retailers in various risk categories. Retailers with low credit approval ratings or inadequate credit history are requested to provide security, or a deposit, which is pledged to ensure that the retailer meets his or her obligations. Funds are collected weekly via autogiro payments and retailers that do not pay on time are terminated in accordance with specific rules.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not have access to sufficient cash and cash equivalents to be able to make timely payments of foreseen and unforeseen commitments, or that financing can only be received at considerable cost. Liquidity risk has historically been low and each year the Group accumulates substantial amounts of cash and cash equivalents and non-restricted equity, which is each year paid in its entirety to the Swedish Sports Confederation, the National Board for Youth Affairs and to the Company's owner.

The financial liabilities consist of unpaid profits, funded winnings and supplier liabilities. The liquidity risk in financial liabilities relates to the Group not having sufficient cash and cash equivalents to be able to pay unpaid winnings due to winners in the games and lotteries arranged by Svenska Spel. This risk is considered negligible as the majority of games and lotteries is based on an allocation of funds between participants in the game. As gaming may not occur on credit, the funds to be allocated between participants in the game or lottery are available in the form of cash at the time the game or lottery closes. Winnings in the Triss Månadsklöver are paid for up to 50 years. This lottery is administered by a third party and is based on funds being paid for each winner to the administrator to cover all future payments to the winner.

Note 2 Revenue per key category

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Sale of services				
Gross revenue from gaming	22,559	21,499	21,335	20,346
Winners' share (incl. unclaimed winnings)	–12,709	–11,852	–12,709	–11,852
Commission	–1,983	–1,916	–1,983	–1,916
Sale of goods				
Revenue from restaurant operations	98	94	—	—
Cost of sales	–37	–33	0	0
Leasing income				
Leasing of VLTs	51	52	51	52
Leasing of premises	—	—	—	—
Other	92	71	86	69
Total net revenue from gaming operations, etc.	8,071	7,915	6,780	6,699

Note 3 Segment reporting

From 1 December 2008, an organisational change has been implemented in the Group. The internal organisational structure has previously consisted of two divisions with a total of seven underlying business areas. The change involves the removal of the divisional levels and the organisation is now divided into the four following business areas: Retail Outlet, Internet, Restaurant Gaming & Bingo Halls and Casino.

The Group's segmentation into primary segments reflects the internal organisation structure which consists of the above business areas. No reporting is made of secondary segments.

Commercial terms and market pricing apply in the delivery of services and products between companies in the Group.

The reporting shows the allocation of revenue and costs along with the assets and liabilities for individual business areas. The Casino business area is operated as two legal entities, which means that all income statement and balance sheet items are directly attributable to the business area. The other business areas, Retail Outlet, Restaurant Gaming & Bingo Halls and Internet, are operated by the Parent Company, AB Svenska Spel. The income statement and balance sheet items directly attributable to individual business areas have been separated, while common items are reported under 'Unallocated'.

Consolidation is carried out using the same policies as for the Group.

Retail Outlet business area

- *Retail Outlet sales area*
Sale of lottery tickets and gaming via retailers
- *Association sales area*
Sale of lotteries via sports associations
- *Subscription sales area*
Sale of lotteries to subscribers

Internet business area

- Sale of lottery tickets and games via Internet and mobile phones.

Restaurant Gaming & Bingo Halls business area

- *Restaurant Gaming business area*
Sale of gaming via Vegas machines in restaurants and bingo halls run by third-parties
- *Bingo Halls sales area*
Operation of seven bingo halls in Sweden

Casino business area

- Operation of Sweden's four international casinos in Sundsvall, Gothenburg, Malmö and Stockholm

Other operations

- Comprises the Group's property operations

Business area/segment

Primary segment, SEK million	Retail Outlet business area		Internet business area		Restaurant Gam- ing & Bingo Halls business area		Casino business area		Other operations		Unallocated		Elimination of intra-Group items		Svenska Spel Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue																
Net revenue from gaming operations, etc.	4,307	4,392	1,219	1,159	1,244	1,156	1,440	1,357	0	0	75	39	-214	-188	8,071	7,915
Capitalised work for own account	—	—	—	—	—	—	—	—	—	—	11	20	—	—	11	20
Operating profit per business segment	3,020	3,159	759	781	726	696	545	475	—	75	-65	-58	—	—	4,985	5,128
Share of profit of associates															—	-4
Finance income															290	215
Finance expenses															-167	-90
Tax															0	-2
Net profit for the year															5,108	5,247
Assets	504	438	137	153	412	311	939	838	525	514	7,257	6,303	-1,862	-589	7,912	7,968
Total assets	504	438	137	153	412	311	939	838	525	514	7,257	6,303	-1,863	-589	7,912	7,968
Liabilities	112	85	166	155	6	—	939	838	466	442	2,906	2,890	-1,790	-1,690	2,804	2,721
Total liabilities	112	85	166	155	6	—	939	838	466	442	2,906	2,890	-1,790	-1,690	2,804	2,721
Investments	40	19	0	0	178	96	159	34	2	1	105	55	—	—	484	205
Amortisation, depreciation and impairment*	74	72	32	32	152	133	55	48	7	24	—	—	—	—	320	309

* Impairment for 2008 totals SEK 21.2 million (56.9).

Note 4 Sold subsidiaries

An agreement was made in December 2007 for the sale of Svenska Spel's holding of 51% of the shares in its subsidiary UAB Winloto in Lithuania. The buyer was UAB Lotelita, the State-owned lottery company in Lithuania, and the Lithuanian National Olympic Committee. The buyer was previously joint owner of 49% of the shares in UAB Winloto. The purchase price was LIT 1 which is equivalent to SEK 2.67. The sale involved a total closure

cost of SEK –26 million, of which the fair value of transferred property, plant and equipment amounted to SEK 2.5 million.

UAB Winloto was consolidated into the Svenska Spel Group in 2007. Reporting of sales in accordance with IFRS 5 has not been made for material reasons.

Note 5 Acquisition of operations

In 2007 and 2008, agreement was reached with seven sporting alliances regarding the takeover of the operations, personnel and rental contract for bingo operations run by the operating companies. In December 2008, the Svenska Spel Board determined that bingo operations are to be closed

down in the first half of 2009. The present value of the estimated purchase price has been impaired to SEK 1.91 million and is expected to be fully amortised in the first half of 2009.

Note 6 Employees, employee costs and benefits

	2008		2007	
	Number of employees	of which men, %	Number of employees	of which men, %
Average number of employees				
Parent Company	768	61	700	61
Other Group companies	952	51	888	51
Total	1,720	56	1,588	56

	2008		2007	
	Number	of which men	Number	of which men
Board of Directors, CEO and Key Management				
Board of Directors	10	5	10	6
CEO	1	1	1	1
Key Management	8	6	8	7

	Group		Parent Company	
	2008	2007	2008	2007
Absence due to illness, %				
Absence due to illness	3.75	3.78	2.59	2.33
Absence due to illness, women	4.95	5.57	4.55	4.55
Absence due to illness, men	2.78	2.33	1.35	0.97
Absence due to illness, 29 years and younger	4.63	4.79	1.97	1.31
Absence due to illness, 30–49 years	3.27	2.89	2.71	2.01
Absence due to illness, 50 years and older	3.29	4.53	2.51	4.27
Absence due to illness, 1–14 days	1.96	2.24	1.10	1.16
Absence due to illness, 15–60 days	0.44	0.01	0.22	0.02
Absence due to illness, > 60 days	1.35	1.53	1.27	1.15

Absence due to illness is calculated as the total number of hours of absence due to illness divided by the total number of scheduled working hours.

Note 6, cont.

Wages, other benefits and social security costs, SEK thousand	2008		2007	
	Board of Directors, CEO and Key Management	Other employees	Board of Directors, CEO and Key Management	Other employees
Parent Company				
Wages and benefits	19,055	311,131	12,381	273,287
Social security costs	7,138	110,462	4,906	101,764
Pension costs	3,960	30,302	3,194	44,570
Total	30,153	451,895	20,481	419,621

Other Group companies*

Wages and benefits	2,768	301,128	0	270,107
Social security costs	993	92,148	0	89,439
Pension costs	276	17,385	0	21,288
Total	4,037	410,661	0	380,834

*No special benefit is paid for board assignments in subsidiaries.

Group

Wages and benefits	21,823	612,259	12,381	543,394
Social security costs	8,131	202,610	4,906	191,203
Pension costs	4,236	47,687	3,194	65,858
Total	34,190	862,556	20,481	800,455

Fees and other benefits to directors, SEK thousand	Board fees	Audit Committee	Benefits Committee	Other remuneration	Total
Margareta Winberg, Chairman, from 15 April 2008	167	0	11	2	180
Stefan Borg, Director	92	0	0	0	92
Björn Fries, Director	92	10	0	0	102
Eva-Britt Gustafsson, Director from 15 April 2008	62	7	0	0	69
Lena Jönsson, Director	92	0	8	0	100
Lena Melinder, Director	92	20	0	0	112
Lars Otterbeck, Director	92	0	8	1	101
Anders Andersson, Director, Employee representative	16	0	0	0	16
Bertil Sandström, Director, Employee representative	20	0	0	0	20
Elin Mårtensson, Director, Employee representative	17	0	0	0	17
Sabina Augustsson, Director, Alternate, Employee representative	20	0	0	0	20
Britta Höglund, Alternate, Employee representative, resigned 15 April 2008, re-elected 23 October 2008.	7	0	0	0	7
Martina Ravn, Alternate, Employee representative from 15 April 2008	13	0	0	0	13
Anders Gustafzon, Chairman, resigned 15 April 2008	60	0	5	0	65
Karin Johansson, Director, resigned 15 April 2008	30	3	0	0	33
Lina Ingelsson, Alternate, Employee representative, resigned 23 October 2008	5	0	0	0	5
Total	877	40	32	3	952

Fees and other benefits to Key Management, SEK thousand	Salary/Fee	Other benefits	Pension costs	Other remuneration	Total
Anders Hägg, Acting CEO from 1 May 2008, CFO	1,848	74	681	0	2,603
Jesper Kärrbrink, CEO, resigned 1 May 2008	1,426	38	864	2,928	5,256
Other Key Management, 8 persons	5,303	218	1,336	0	6,857
Individuals leaving Key Management, 4 persons	3,630	141	1,313	5,397	10,481
Total	12,207	471	4,194	8,325	25,197

Note 6, cont.

Changes in the Board and Key Management during the year

At the AGM on 15 April 2008, former Minister and Ambassador Margareta Winberg was appointed to the position of new Chairman in AB Svenska Spel. As a result of a changed business direction, Svenska Spel CEO Jesper Kärbrink resigned on 21 April 2008. Shortly after, on 30 June, the two divisional managers Annica Axelsson and Mathias Hedlund, also left the Company. The Board appointed the CFO in AB Svenska Spel, Anders Hägg, as Acting CEO until a new CEO was recruited. The two divisional managers were, in turn, replaced by business area managers Håkan Sjöstrand and Claes Tellman. On 20 May, Eva Wetterdal, Human Resources Manager, left the Company. She was succeeded by Anna Björklund who took up the position of Human Resources Manager in AB Svenska Spel on 11 August 2008.

As part of a comprehensive reorganisation on 1 December, the Company's divisional levels were removed. Business area managers, Håkan Sjöstrand (Retail Outlets), Marie Avander (Restaurant Gaming & Bingo Halls), Mikael Franzén (Internet) and Per Jaldung (Casino) joined Key Management, while Claes Tellman left AB Svenska Spel.

Board of Directors

In 2008, the Chairman received fees and benefits totalling SEK 180 thousand. Other directors received fees totalling SEK 772 thousand of which the Company's employee representatives received SEK 98 thousand.

The Parent Company's board is the same as the Group Board. No separate fees are paid for the various assignments. Directors in other Group companies are employed in the Parent Company and receive no benefits other than the salary for their main employment.

Benefits to senior executives

In 2008, CEO Jesper Kärbrink left his position and in accordance with contract received 12 month's salary in severance pay. Two divisional managers

left the Company with equivalent conditions. In later April, the Board appointed the CFO of AB Svenska Spel, Anders Hägg, as Acting CEO until a new CEO was recruited. During this period Anders Hägg has received a salary supplement to reflect the increased responsibility. Business area managers Håkan Sjöstrand and Claes Tellman were appointed acting divisional managers during the period May to November, and received a salary supplement. On 20 May, Human Resources Manager Eva Wetterdal left the company with a 6-month severance pay.

The policies for benefits paid to senior executives are determined by the Board.

Benefits and other conditions for Key Management, except the CEO, are determined by the CEO in conjunction with the Benefits Committee.

Benefits and other conditions for the CEO are determined by the Board after preparation by the Benefits Committee.

President and CEO

Former CEO Jesper Kärbrink received salary and benefits of SEK 5,256 thousand during the year. Other benefits included a company car and pension benefits.

Acting CEO from 1 May 2008, Anders Hägg, received salary and benefits during the year totalling SEK 2,603 thousand.

Other Key Management

The eight other members of Key Management received salary and other benefits totalling SEK 6,857 thousand (11,305). The total amount of salary and other benefits paid to the four persons who left Key Management during the year was SEK 10,481. Other benefits are company cars and pension benefits according to the ITP plan. No severance pay has been contracted. A mutual term of notice of six months applies. The normal retirement age is 65.

Note 7 Auditors' remuneration

Auditors' remuneration, SEK thousand	Group		Parent Company	
	2008	2007	2008	2007
Auditing assignments, Öhrlings PricewaterhouseCoopers AB	1,718	1,722	1,007	1,007
Other assignments, Öhrlings PricewaterhouseCoopers AB	961	452	933	381
Swedish National Audit Office	315	389	293	320
Total	2,994	2,563	2,233	1,708

Audit engagements pertain to auditing of the annual financial statements and accounting, as well as the administration of the Board and CEO. This also includes other assignments performed by the Company's auditors, and consulting or other counsel resulting from observations related to the audit. Everything else is included under Other assignments.

Note 8 Financial income and expenses

Financial income, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Interest income	107	97	122	105
Exchange rate gains	47	5	46	5
Change in value of assets, Triss Månadsklöver*	113	111	113	111
Other financial income	23	2	23	2
Total	290	215	304	223

Financial expenses, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Interest expense	-1	0	-1	0
Exchange rate losses	-41	-2	-41	-2
Change in value of liabilities, Triss Månadsklöver*	-125	-88	-125	-88
Other financial expenses*	—	—	0	-30
Total	-167	-90	-167	-120

*Other financial expenses pertain to impairment of investments in Group companies of SEK 0 million (30).

Paid and received interest in operating activities, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Paid interest	0	0	0	0
Received interest	107	97	121	105

Intra-group income of SEK 30.8 million (23.8) is included in the Parent Company's interest income.

Note 9 Taxes

Recognised in the income statement, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Current tax (-)				
Tax expenses for the period	—	—	—	—
Adjustment of tax pertaining to previous years	—	—	—	—
Deferred tax (-)				
Deferred tax pertaining to temporary differences	0	-2	—	—
Total tax charge recognised	0	-2	—	—

The Svenska Spel Group has previously unrecognised tax losses of SEK 156 million (137). Deferred tax assets have not been recognised in cases in which it is unlikely the Group will utilise these amounts against taxable gains in the near future.

Note 10 Intangible assets

Capitalised development expenditure, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Accumulated costs				
Opening balance	428	377	422	371
Acquisitions	17	0	5	0
Reclassification	38	51	39	51
Closing balance	483	428	466	422
Accumulated amortisation and impairment				
Opening balance	-174	-89	-172	-88
Amortisation for the year	-53	-46	-50	-45
Impairment for the year	-22	-39	-23	-39
Closing balance	-249	-174	-245	-172
Carrying amount	234	253	221	250
Ongoing projects				
Opening balance	16	34	16	34
Costs incurred during the year	48	33	48	33
Reclassification	-39	-51	-39	-51
Closing balance*	25	16	25	16

* SEK 10.6 million refers to the new Datawarehouse, SEK 0.3 million to the development of new online products, and SEK 14 million to the new Vegas system.

Capitalised development projects

Intangible assets comprise primarily capitalised development expenditure, where the following represent the major items.

GEM

GEM is a gaming platform for the Retail Outlets and Internet business areas. The carrying amount of GEM is SEK 189 million (216), with an amortisation period assessed at ten years, the investment will be fully amortised by 2016. The ten-year amortisation period is applied as experience indicates that IT platforms of this type are utilised over a period of at least ten years.

ES

Another unit is a gaming platform for the Restaurant Gaming business area called ES. The carrying amount is SEK 5 million (15). The amortisation period is assessed at five years and the investment will be fully amortised in 2009. A new gaming platform that is to replace ES is under development, which will be leased from the supplier.

Bingo

Another gaming platform has been developed for the Bingo sales area. The cost of the gaming platform, which went into use in 2007, is SEK 42 million of which SEK 30 million was impaired in 2007 and a further SEK 8.7 million after impairment testing. The reason for the impairment is that the concept for which the platform was developed could not be realised, largely due to changed market conditions. The platform is now fully amortised.

Svenskaspel.se

Svenska Spel launched a new website on 15 September 2008. The changes involve a new appearance, improved overview, more interactivity and a compulsory weekly budget. The carrying amount of the asset is SEK 22.3 million (2). The amortisation period for the asset is deemed to be three years and it will be fully amortised by 2011.

Costs for capitalised development projects

The total amount of development project costs that have been expensed during the period is SEK 35 million (41) and relate to Parent Company and Group projects.

Other intangible assets

Intangible assets also comprise acquisitions and licences.

Acquisitions

Acquisitions pertain to the purchase price that Svenska Spel paid for the opening of seven bingo halls in Sweden. The carrying amount of the acquisitions is SEK 1.91 million (13.7) and will be fully amortised in June 2009.

Licences

Licences recognised in the balance sheet pertain to systems licences. The carrying amount is SEK 13.1 million (3.2) and the amortisation period is five years.

Note 11 Property, plant and equipment

Group, SEK million	Buildings and land	Construction and extension, own property	Construction and extension, property held under lease	Construction in progress	Equipment and computers	Total
Accumulated costs						
Opening balance 1 January 2007	539	260	250	11	1,636	2,696
Acquisitions	0	0	1	19	151	171
Reversals	0	3	23	-26	—	0
Sales	-296	-55	—	—	-77	-428
Closing balance 31 December 2007	244	208	273	4	1,710	2,439
Opening balance 1 January 2008	244	208	273	4	1,710	2,439
Acquisitions	0	0	1	7	376	384
Reversals	0	2	25	-4	0	23
Sales	0	0	—	—	-295	-295
Closing balance 31 December 2008	244	210	299	7	1,791	2,551
Accumulated depreciation and impairment						
Opening balance 1 January 2007	-74	-46	-41	—	-1,107	-1,269
Depreciation for the year	-2	-7	-11	—	-186	-205
Sales	55	23	—	—	73	151
Closing balance 31 December 2007	-21	-30	-52	—	-1,220	-1,323
Opening balance 1 January 2007	—	—	-68	—	-6	-74
Impairment for the year	—	—	-3	—	-15	-18
Closing balance 31 December 2007	—	—	-71	—	-21	-92
Opening balance 1 January 2008	-21	-30	-52	—	-1,220	-1,323
Depreciation for the year	-2	-7	-17	—	-217	-244
Sales	0	0	—	—	290	290
Closing balance 31 December 2008	-23	-37	-69	—	-1,148	-1,277
Opening balance 1 January 2008	—	—	-71	—	-21	-92
Impairment for the year	—	—	0	—	-1	-1
Closing balance 31 December 2008	—	—	-71	—	-22	-93
Carrying amount 31 December 2007	223	178	150	4	469	1,024
Carrying amount 31 December 2008	220	173	159	7	621	1,180
Assessed value						
Assessed value, buildings	260					
Assessed value, land	97					

Note 11, cont.

Parent Company, SEK million	Buildings and land	Construction and extension, own property	Construction and extension, property held under lease	Construction in progress	Equipment and computers	Total
Accumulated costs						
Opening balance 1 January 2007	36	26	—	2	1,303	1,367
Acquisitions	—	0	1	3	121	125
Reversals	—	3	2	–5	—	0
ASales	—	—	—	—	–60	–60
Closing balance 31 December 2007	36	29	3	0	1,364	1,432
Opening balance 1 January 2008	36	29	3	0	1,364	1,432
Acquisitions	—	0	0	17	235	252
Reversals	—	0	3	–4	0	–1
Sales	—	—	—	—	–199	–199
Closing balance 31 December 2008	36	29	6	13	1,400	1,484
Accumulated depreciation and impairment						
Opening balance 1 January 2007	–11	–10	—	—	–853	–874
Depreciation for the year	–1	–3	0	—	–145	–149
Sales	0	—	—	—	55	55
Closing balance 31 December 2007	–12	–13	0	—	–943	–968
Opening balance 1 January 2007	—	—	—	—	—	—
Impairment for the year	—	—	—	—	–15	–15
Closing balance 31 December 2007	—	—	—	—	–15	–15
Opening balance 1 January 2008	–12	–13	0	—	–943	–968
Depreciation for the year	–1	–3	–1	—	–173	–178
Sales	0	—	—	—	196	196
Closing balance 31 December 2008	–13	–16	–1	—	–921	–950
Opening balance 1 January 2008	—	—	—	—	–15	–15
Impairment for the year	—	—	—	—	0	0
Closing balance 31 December 2008	—	—	—	—	–15	–15
Carrying amount 31 December 2007	24	16	3	0	406	449
Carrying amount 31 December 2008	23	14	5	13	465	520
Assessed value						
Assessed value, buildings	27					
Assessed value, land	6					

Note 12 Financial instruments

The following table shows the allocation of financial instruments based on the following categories in accordance with IFRS 7: Financial assets at fair value through profit and loss, loan and trade receivables, held-to-maturity investments and available-for-sale financial assets. Fair value corresponds to the carrying amount.

Financial assets

SEK million, 31 December 2007	Financial assets at fair value through profit and loss	Investments held to maturity	Loan and trade receivables	Available-for-sale financial assets	Total fair value
Real interest rate bonds	1,283	—	—	—	1,283
Investments in zero-coupon bonds and commercial paper	—	123	—	—	123
Trade and other receivables	—	—	498	—	498
Set off National Debt Office	—	—	1,400	—	1,400
Cash and cash equivalents	3,371	—	—	—	3,371
Total					6,675

Note 12, cont.

SEK million, 31 December 2008	Financial assets at fair value through profit and loss	Investments held to maturity	Loan and trade receivables	Available-for-sale financial assets	Total fair value
Real interest rate bonds	2,416	—	—	—	2,416
Investments in zero-coupon bonds and commercial paper	—	113	—	—	113
Trade and other receivables	—	—	544	—	544
Set off National Debt Office	—	—	1,200	—	1,200
Cash and cash equivalents	2,187	—	—	—	2,187
Total					6,460

Securities Triss Månadsklöver

Total securities holdings pertaining to Triss Månadsklöver amount to SEK 1,436 million (1,297), of which SEK 1,241 million (1,061) is long-term and SEK 195 million (236) is current. On a consolidated basis, the current component is included in cash and cash equivalents, see Note 15. Acquisition and sales, net, of Månadsklöver amounts to SEK 67.6 million (49) and change in value is SEK 71.5 million (48).

Financial liabilities

SEK million, 31 December 2007	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total fair value
Trade and other payables	—	644	644
Unpaid prizes, Månadsklöver	1,188	—	1,188
Other current and non-current non-interest bearing liabilities	—	889	889
Total			2,721

SEK million, 31 December 2008	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total fair value
Trade and other payables	—	555	555
Unpaid prizes, Månadsklöver	1,324	—	1,324
Other current and non-current non-interest bearing liabilities	—	925	925
Total			2,804

Interest risk instrument (valuation principle)	Nominal value	Maturity date	Nominal yield, %
Real rate of interest bonds			
Swedish Government real rate of interest bonds			
SWBT O 090121	65	21 Jan. 2009	0.00
1048	126	1 Dec. 2009	4.00
3106	233	1 April 2012	1.00
3001	123	1 April 2014	0.00
3105	248	1 Dec. 2015	3.50
3102	260	1 Dec. 2020	4.00
3104	78	1 Dec. 2028	3.50

Interest risk Instrument (valuation principle)	Nominal value	Maturity date	Effective rate of interest, %
Investments in zero-coupon bonds and commercial papers			
0–90 days of interest	—	—	Floating interest (STIBOR 3 months)
91–360 days of interest	—	—	Floating interest (STIBOR 3 months)
361–1,080 days of interest	113	Q1 2010 Q4 2011	Floating interest (STIBOR 3 months)
Cash and cash equivalents	2,187		4.22

Interest risk Instrument (valuation principle)	Nominal value	Maturity date	Present-value weighted real discount rate, %
Funded winnings for Triss Månadsklöver			
	130	0–1 years	–0.120
	466	1–5 years	1.501
	728	>5 years	1.730

Note 13 Trade and other receivables

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Trade receivables				
Receivables, gaming and lottery retailers	372	337	372	337
Receivables, restaurants	28	49	28	49
Other trade receivables	14	11	11	7
Total	414	397	411	393
Other receivables				
Receivables with associates	—	—	—	—
Other current receivables	14	29	4	15
Total	14	29	4	15
Total	428	426	415	408

All trade receivables are due within 30 days. Doubtful trade receivables total SEK 2.7 million (1.8), costs for losses on trade receivables amount to SEK 2.6 million (2.2).

Note 14 Prepayments and accrued income

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Prepaid retailer commission	10	7	10	7
Other interim receivables	106	65	76	50
Total	116	72	86	57

Note 15 Cash and cash equivalents

Cash and cash equivalents, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Cash and cash equivalents	2,187	3,371	1,980	3,205
of which funds on internet gaming accounts	100	102	100	102
of which collateral on deposit from retailers	14	16	14	16
of which collateral on deposit from retailers	0	14	—	—

Short-term portion of Triss Månadsklöver lottery is recognised as current investment for the Parent Company.

Note 16 Equity**Group****Share capital**

The registered share capital included 2,000 ordinary shares on 31 December 2008, at a par value of SEK 100 per share. Holders of ordinary shares are entitled to dividends that are subsequently determined.

Retained earnings

Retained earnings, including profit for the year, include profit in the Parent Company and its subsidiaries.

Parent Company

AB Svenska Spel is 100% owned by the Swedish State and under the administration of the Ministry of Finance.

Non-restricted equity

This amount consists of non-restricted equity from the previous year after any provisions to statutory reserves and profit distribution. Non-restricted equity is the amount available for distribution to shareholders.

Note 17 Earnings per share

The calculation of earnings per share for 2008 is based on profit for the year attributable to equity holders of the Parent Company of SEK 5,108 million (5,247) divided by the number of outstanding shares. Earnings per share for 2008 are SEK 2,554 thousand (2,624). The number of outstanding shares has not changed during the year.

No equity instruments have been issued that could result in dilution of equity.

Note 18 Unpaid winnings

Svenska Spel's liabilities consist of current and non-current accounts attributable at reporting date to funded winnings from lotteries and games operated by the Parent Company.

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Current liabilities				
Unpaid winnings, traditional games and lotteries	463	323	463	323
Unpaid prizes, Månadsklöver <1 year	130	113	130	113
Total	593	436	593	436
Non-current liabilities				
Unpaid winnings, Triss Månadsklöver 1–5 years	466	499	466	499
Unpaid winnings, Triss Månadsklöver > 5 years	728	577	728	577
Total	1,194	1,076	1,194	1,076

Note 19 Other non-current liabilities

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Subordinated loan	15	15	15	15
Retailer collateral	14	16	14	16
Other non-current liabilities	13	12	13	12
Total	42	43	42	43

Subordinated loan consists of funds provided by the owner in conjunction with the construction of the Company's property in Visby. Repayment of retailer collateral is based on individual assessments of retailers.

Note 20 Provisions for pensions

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Opening pension provisions	16	18	15	16
Change	–2	–2	–2	–1
Closing pension provisions	14	16	13	15
Pensions covered by AB Svenska Spel's Pension Fund	0	1	0	1
Total pension commitments	14	17	13	16

Alecta's consolidation level was 112% (152) on 31 December 2008. The consolidation level is determined as the fair value of plan assets as a percentage of liabilities based on Alecta's actuarial assumptions. Alecta's calculation does not currently conform with the basis of calculation stipulated in IAS 19. Costs for the Group's pension insurance in 2008 total SEK 51.9 million (69.1) of which SEK 28.5 million (39.2) is through Alecta.

Note 21 Trade payables and other liabilities

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Trade payables	252	339	196	210
Other liabilities	219	227	173	165
Employee-related expenses	84	78	—	—
Total	555	644	369	375

Accrued costs for the Parent Company are presented in Note 24.

Note 22 Settlement funds and funded winnings

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Settlement funds				
Provision at the beginning of the year	95	67	95	67
Change for the year	6	28	6	28
Provision at the end of the year	101	95	101	95
Funded winnings				
Provision at the beginning of the year	330	198	312	186
Change for the year	-139	132	-157	126
Provision at the end of the year	191	330	155	312

Note 23 Maturity structure of liabilities

Maturity date	Unpaid winnings	Trade payables	Settlement funds	Funded winnings	Other non-current liabilities
Less than 1 year	593	555	101	191	15
1-5 years	466				41
More than 5 years	728				
Total	1,787	555	101	191	56
Real rate of interest bonds					
Maturity date					
Less than 1 year	191				
1-5 years	233				
More than 5 years	710				

Note 24 Accruals and deferred income

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Prepaid stakes for multiple week games	114	81	114	81
Other items	—	—	34	84
Employee-related expenses	—	—	45	44
Total	114	81	193	209

The Group's expenses for salaries, social security expenses and change in holiday pay liability etc are recognised under Other liabilities, see Note 21.

Note 25 Leasing

Operating lease agreements – Group/Parent Company as lessee

All leasing agreements entered into by Svenska Spel have the nature of operating leases. Leasing agreements mainly relate to rent of office, casino and bingo premises. The Group's rental costs amount to SEK 94.9 million (63.7). The Parent Company's rental costs for 2008 are SEK 56.4 million (38.7).

Operating lease agreements – Group/Parent Company as lessee, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Less than 1 year	67	58	32	32
More than 1 year but less than 5 years	241	233	126	126
More than five years	420	479	130	162
Total	728	770	288	320

The Casino in Sundsvall has a 30-year lease, while the length of the leases for the casinos in Gothenburg and Malmö is 20 years. The agreements contain an indexing clause for annual calculation of rental payments. The Parent Company's rental costs pertain to office premises in Sundbyberg. The rental period is 10 years. The leasing agreements for the seven bingo halls will be terminated in 2009.

Operating lease agreements – Group/Parent Company as lessor

These agreements pertain to the rental of gaming and lottery terminals to retailers.

Operating lease agreements – Group/Parent Company as lessor, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Less than 1 year	51	52	51	52
More than 1 year but less than 5 years	203	206	203	206
Total	254	258	254	258

After five years, the annual revenue from operating lease agreements pertaining to the lease of VLTs to gaming and lottery retailers amounts to approximately SEK 54 million per year.

Leased gaming and lottery VLTs, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Opening costs	144	144	144	144
Purchases for the year	2	0	2	0
Sales for the year	0	0	0	0
Closing costs	146	144	146	144
Opening depreciation	–50	–21	–50	–21
Depreciation for the year	–29	–29	–29	–29
Sales for the year	0	0	0	0
Closing depreciation	–79	–50	–79	–50
Carrying amount	67	94	68	94

Note 26 Contingent liabilities and pledged assets, and future obligations

Contingent liabilities

Pledged assets, SEK million	Group		Parent Company	
	2008	2007	2008	2007
Blocked funds as collateral for loans	0	0	0	0
Credit security	12	2	11	1
Total	12	2	11	1

Future contracted commitments, SEK million	Group 2008		Parent Company 2008	
	2008	2007	2008	2007
Less than 1 year	474		390	
More than 1 year but less than 5 years	928		687	
More than five years	330		130	
Total	1,732		1,207	

Contracted commitments include rental agreements, sponsorship agreements and other major agreements with partners.

Note 27 Affiliates

Group companies

In 2008, the Parent Company sold services worth SEK 17.9 million (12.6).

State-owned companies

During the year, the Group purchased services from the following State-owned companies for the amounts shown:

TeliaSonera	SEK 74.0 million (52.6)
Posten AB	SEK 32.2 million (30.7)
Teracom AB	SEK 9.9 million (13.7)
Vattenfall	SEK 0.3 million (0.5)
Gotlands Energi AB	SEK 1.0 million (1.0)

Swedish State

According to a licence issued by the government on 22 December 2004 to organise lotteries, under Other provisions, item 8.5, the Company's profits during the financial year shall be lent to the Swedish State (National Debt Office). Payments are to be made on a quarterly basis on 30 April, 31 July, 31 October and 15 February. Advanced funds are offset against dividends following the resolution of the AGM for the year. On 5 October 1998, Svenska Spel was granted an exception from the provisions in Chapter 21, section 1 of the Swedish Companies Act with respect to the prohibition on loans. At year-end the funds on loan to the National Debt Office were SEK 1,200 million (1,400).

Note 28 Investments in Group companies

Parent Company investments in Group companies, SEK thousand	2008	2007
Opening costs	141,466	191,029
Sale	—	-2,818
Returned shareholders' contributions	—	-46,745
Closing accumulated cost	141,466	141,466
Opening impairment*	-70,000	-40,000
Impairment for the year*	—	-30,000
Closing accumulated impairment	-70,000	-70,000
Carrying amount	71,466	71,466

* Refers to impairment of shares and participations in Svenska Spels Förvaltnings AB due to the carrying amount exceeding the consolidated fair value.

Parent Company's participation in subsidiaries	Corp. ID No.	Registered office	Share of equity, %	Number of shares	Carrying amount, SEK thousand, 31 Dec. 2008	Carrying amount, SEK thousand, 31 Dec. 2007
Svenska Spels Förvaltnings AB	556597-7278	Visby	100	1,000	71,066	71,066
Keno AB	556485-4304	Visby	100	1,000	100	100
Triss AB	556485-4312	Visby	100	1,000	100	100
Bellman Casino AB	556574-1682	Stockholm	100	1,000	100	100
Casino Cosmopol AB	556485-4296	Stockholm	100	1,000	100	100

Parent Company investments in indirectly-owned subsidiaries	Corp. ID no.	Registered office	Share of equity, %	Number of shares	Carrying amount, SEK thousand, 31 Dec. 2008	Carrying amount, SEK thousand, 31 Dec. 2007
CC Casino Restaurang AB	556586-7016	Stockholm	100	1,000	—	—
Casino Cosmopol Fastighets AB	556598-3409	Stockholm	100	1,000	—	—
AB Svenska Spels Servicecenter	556240-7881	Visby	100	1,000	—	—
AB Svenska Spels Internetservice	556485-4320	Visby	100	1,000	—	—

Note 29 Share of profit in Group companies

SEK million	Group		Parent Company	
	2008	2007	2008	2007
Anticipated dividend from Casino Cosmopol	—	—	611	519

Note 30 Events after balance sheet date

Meta Persdotter has been appointed new CEO for Svenska Spel. She takes up the position on 1 February.

The process of terminating the cooperation with the bingo alliances is underway.

Note 31 Uncertainty in estimates and assessments

Sources of uncertainty in estimates

Key Management has analysed major uncertain factors as regards the Group's development, as well as core accounting policies. The following is a list of certain key risk factors that could affect Svenska Spel's business, financial position and profit.

Recoverability of capitalised development expenditures

At the end of the year, the Svenska Spel Group had capitalised development expenditures totalling SEK 246 million (255). The expenditures per-

tain to a number of systems platforms for games run by Group companies, such as restaurant games of the Vegas type, as well as Triss, Stryktipset, Lotto, Bingo, etc. The opportunity to recover current capitalised development expenditure is naturally dependent on future sales prospects for those games associated with current gaming platforms and the incomes they generate. The carrying amount of the platforms involved may be significantly affected should the income-generating opportunities for these platforms and their lifetime prove to be unreasonable.

Note 32 Information about the Parent Company

AB Svenska Spel is a limited liability company registered in Sweden with Corporate ID Number 556460-1812. Its registered offices are in Visby, Sweden. Shares in the Parent Company are administered by the Ministry

of Finance. The address of the head office is Norra Hansegatan 17, 621 80 Visby, Sweden. Svenska Spel's Annual Report for 2008 was approved for publication by the Board of Directors on 12 March 2009.

Note 33 Paid and proposed distribution of profit

Svenska Spel's Articles of Association state that all available profits shall be distributed as prescribed by the Swedish State and that no amount shall be paid as dividend to shareholders.

Approved and distributed during the year, SEK

To the Swedish Sports Confederation	1,394,490,000
To the Swedish National Board for Youth Affairs	195,744,000
For cultural purposes	311,000
To the State	3,656,924,000
Total	5,247,469,000

Proposed distribution to be approved by the AGM, SEK

To the Swedish Sports Confederation	1,337,994,000
To the Swedish National Board for Youth Affairs	182,492,000
For cultural purposes	217,000
To the State	3,587,176,000
Total	5,107,879,000

The annual report and consolidated financial statements are subject to adoption at the AGM on 15 April 2009.

The Board and CEO affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting standards (IFRS) as approved by the EU and, give a true and fair view of the Group's financial position and results of operations. The annual financial statements have been prepared in accordance with generally accepted accounting practices and give a true and fair picture of the Company's financial position and profit.

The Directors' Report for the Group and Parent Company gives a true and fair overview of development of the Group and Parent Company's business, position and profit and describe material risks and uncertainties faced by the Group and the companies which form part of it.

Visby, 12 March 2009

Margareta Winberg

Chairman

Stefan Borg

Director

Björn Fries

Director

Eva-Britt Gustafsson

Director

Lena Jönsson

Director

Lena Melinder

Director

Lars Otterbeck

Director

Anders Andersson

Director/
Employee representative

Bertil Sandström

Director/
Employee representative

Elin Mårtensson

Director/
Employee representative

Meta Persdotter

CEO

Our audit report relating to this annual report was submitted in Stockholm on 13 March 2009

Öhrlings PricewaterhouseCoopers AB

Per Wardhammar

Authorised Public Accountant

Anders Herjevik

Authorised Public Accountant

Auditors appointed by the Swedish National Audit Office

Audit report

To the Annual General Meeting of AB Svenska Spel

Corporate identity number 556460-1812

We have audited the annual accounts, the consolidated financial statements along with the accounting records and the administration of the Board and the CEO of AB Svenska Spel for the 2008 financial year. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 63–106. These accounts and the administration of the Company and the application of the Annual Accounts Act in the preparation of the annual accounts and the application of the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act in the preparation of the consolidated financial statements are the responsibility of the Board and the CEO. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board and the CEO and significant estimates made by the Board and the CEO when preparing the annual accounts and consolidated financial statements as well as evaluating the overall presentation of information in the annual

accounts and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any director or the CEO. We also examined whether any director or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting practices in Sweden.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act and, give a true and fair view of the Group's financial position and result. The Directors' Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We recommend to the AGM that the income statement and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Directors' Report, and that directors and the CEO be discharged from liability for the financial year.

Stockholm, 13 March 2009

Öhrlings PricewaterhouseCoopers AB
Per Wardhammar
Authorised Public Accountant

Anders Herjevik
Authorised Public Accountant
Auditors appointed by the Swedish National Audit Office

Five-year summary Svenska Spel Group

Income statement in summary, SEK million	2008	2007	2006	2005	2004
Gaming revenue, Retail Outlet business area	11,297	11,022	10,698	10,821	11,307
Gaming revenue, Restaurant Gaming & Bingo Halls business area	7,482	7,107	6,811	6,830	7,270
Gaming revenue, Internet business area	2,556	2,217	1,560	1,013	777
Gaming revenue, Casino business area	1,224	1,153	1,002	922	853
Other gaming-related revenue, etc.	241	217	210	241	231
Total gaming revenue, etc.	22,800	21,716	20,281	19,827	20,438
Cost of goods and services sold					
- Winners' share*	-12,709	-11,852	-11,114	-11,064	-11,412
- Commissions	-1,983	-1,916	-1,787	-1,786	-1,893
- Other	-37	-33	-29	-26	-23
Net revenue from gaming operations, etc.	8,071	7,915	7,351	6,951	7,110
Capitalised work for own account	11	20	89	92	119
Other revenue	—	93	—	—	—
Employee expenses	-924	-895	-804	-762	-705
Other external expenses	-2,173	-2,003	-1,873	-1,760	-1,773
Operating profit	4,985	5,128	4,763	4,521	4,751
Profit on sale of investments in subsidiaries	—	-4	—	—	—
Profit/loss from associates	—	—	3	1	0
Finance items and tax	123	123	41	47	52
Profit for the year	5,108	5,247	4,807	4,569	4,803
Key indicators					
Net gaming revenue, SEK million	9,804	9,598	8,905	8,506	8,762
Operating margin, %	21.9	23.6	23.5	22.8	23.2
Earnings per share, SEK million	2.6	2.6	2.4	2.3	2.4
Equity ratio, %	64.6	65.9	67.9	68.0	71.7
Net revenue per employee, SEK million	4.70	4.99	4.95	4.88	5.13
Gaming and lottery retailers, number	6,811	6,385	6,385	6,191	6,222
Gaming locations with Vegas	2,229	2,248	2,190	2,145	2,038
Other information					
Paid to Swedish Sports Confederation	1,338	1,394	1,216	1,019	1,015
Paid to Swedish National Board for Youth Affairs	182	196	154	131	154
Paid to Swedish Government	3,587	3,657	3,437	3,417	3,634

* includes unclaimed winnings

Corporate Governance Report for AB Svenska Spel

Svenska Spel is a Swedish limited liability company wholly owned by the Swedish State. The government guidelines, the 2007 National ownership policy and the 2007 annual report for state-owned companies state that the Swedish code for Corporate Governance ("The Code") is to be a part of the government's framework for ownership administration of state-owned companies. The basic principle is that the Code is to complement the State ownership policy. Svenska Spel follows the Code with the following exceptions. In addition to the Code and the State ownership policy, the government has advised that the Guidelines for external financial reporting in state-owned companies (current version 29 November 2007), which Svenska Spel follows. The government has also advised new Guidelines for employment terms for individuals in Key Management positions and for incentive programmes for employees in state-owned companies (current version 3 July 2008), that Svenska Spel intends to follow subsequent to the 2009 AGM.

This Corporate Governance Report describes Svenska Spel's corporate governance, management and administration and the way in which the Board assures the quality of financial reporting and works with the independent auditors of the Company.

This Corporate Governance Report has not been reviewed by the Company's auditors and is not part of the formal Annual Report. The following diagram shows the overall structure for corporate governance.

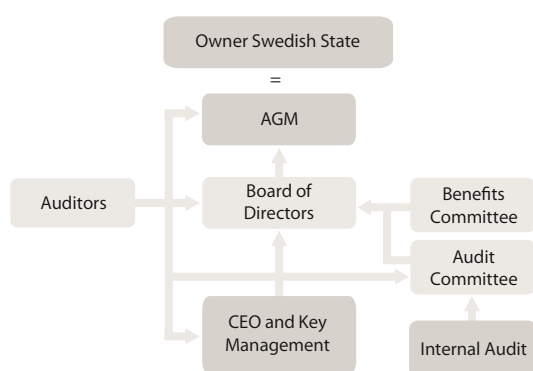
Share capital and ownership

The Company's share capital amounted to SEK 200 thousand. All shares are owned by the Swedish State. Ownership is exercised through the Ministry of Finance.

State ownership policy, etc.

To clarify the State's perspective in certain ownership matters and to achieve uniformity amongst state-run companies, the government

Structure for Svenska Spel's Corporate Governance



External regulations

- Swedish Companies Act
- Swedish Bookkeeping Act
- Swedish Annual Accounts Act
- Swedish Code of Corporate Governance
- State ownership policy
- State guidelines for external reporting

Interna regelverk

- Articles of Association
- Rules of Procedure for the Board
- Rules of Procedure for Audit and Benefits Committees
- CEO Instruction
- Internal policies, guidelines and instructions

has developed guidelines for key management in companies with state ownership. In addition, the government has identified certain key policy issues involving sustainability issues such as equal opportunities, diversity and ethics. This work has been reported in the CSR Report that is included on pages 29–62 in the current Annual Report.

The following table presents, according to the conform-or-explain principle, areas in which the Company has deviated from the State ownership policy, the Swedish Code of Corporate Governance, or the other guidelines provided by the State.

Application of the Swedish Code of Corporate Governance

Svenska Spel follows the Code with the exception of the deviations presented below.

Application of the State guidelines for external reporting in 2008

In November 2007, the government resolved guidelines for external reporting for companies with state ownership. Reporting in accordance with the guidelines is to take place from the financial year starting 1 January 2008.

AGM

The AGM is the highest decision-making body in Svenska Spel and is governed by the Swedish Companies Act and the Articles of Association. The Articles of Association are available on the Company's website, www.svenskaspel.se. The AGM is to be held annually, not later than in April. Notice of the AGM is to be published not more than six weeks and not less than four weeks prior to the AGM. Members of Par-

liament are entitled to attend the AGM after registration with the Board, and raise matters at the meeting. The State ownership policy specifies that the State advocates open AGMs to which the general public should be invited.

2008 AGM

The 2008 AGM was held on 15 April 2008 in Visby.

The AGM adopted the following resolutions:

- The 2007 financial statements were adopted and the Board and CEO were discharged from liability for the 2007 financial year.
- The Board's proposal for profit distribution was adopted.
- The following directors were re-elected to the Board: Stefan Borg, Björn Fries, Lena Jönsson, Lena Melinder and Lars Otterbeck. Eva-Britt Gustafsson and Margareta Winberg were elected. It was decided to appoint Margareta Winberg to the post of Chairman for the period until the next AGM. Information about the age, education, experience and significant assignments of each director is presented on page 116.
- Fees for directors were determined. A fee shall be paid to the Chairman of SEK 250,000 (180,000) and to each of the Board's elected directors who are not employed by the Company of SEK 93,000 (90,000). A special fee of not more than SEK 75,000 (75,000) is to be paid to directors for work in committees established by the Board, and it was determined that the Board may decide how this fee is to be allocated amongst committee members.
- The Board's proposal regarding the principals for Key Management's employment conditions and benefits was adopted.

Deviation, State ownership policy, the Code and advised guidelines

Regulation	Deviation	Explanation/comment
Code regulation: The Company is to have a Nomination Committee representing the Company's shareholders.	A Nomination Committee per section 2.1 of the Code has not been established.	The nomination process is run and coordinated by the unit within the Ministry for Enterprise, Energy and Communications responsible for State ownership.
Code regulation: The Company is to have a Nomination Committee representing the Company's shareholders.	The dependency relationship to major shareholders is not reported.	The ownership policy of the State states that the relevant provisions in the Code primarily aim to protect minority owners in the Company from spread ownership. It is not necessary for companies that are wholly-owned by the State to declare independence in this manner.
Code regulation: The Board is to, through a systematic and structured annual process, evaluate the work of the Board with the intention of developing its working methods and efficiency. The result of the evaluation will be reported to the Nomination Committee, as appropriate.	The Board has not evaluated the work of the Board in 2008.	The Board's operations have focused on recruiting a new CEO and making preparations for a changed gaming regulatory environment. The Board has the intention of evaluating its work in 2009.

2009 AGM

The 2009 AGM will take place on 15 April 2009 in Visby, with Notice of the AGM sent in mid-March 2009.

Nomination process

The nomination process is primarily an organ for shareholders to prepare decisions in matters related to appointments. For companies wholly-owned by the State, the following principles replace the Code of Corporate Governance in relation to decisions on appointing new directors and auditors.

The Minister for Enterprise and Energy has specific responsibility for board nominations for all state-owned companies. The nomination process is undertaken and coordinated by the unit within the Ministry of Enterprise, Energy and Communications responsible for State ownership.

Board of Directors

The Board is responsible for the organisation of the Company and the administration of company business, within the framework of current legislation, the Articles of Association and the directive of the owner. The Board determines a formal work plan each year, which represents the main control document for the Board's activities. In addition, the Board adopts policies, instructions and guidelines for the business.

The attitude towards Svenska Spel's contribution to a sustainable future lies within the framework of our mandate from the government and involves providing gaming in a responsible, ethical and secure manner. Long-term development for Svenska Spel is a matter of maintaining the balance between the commercial business and social responsibility at all times. When a prioritisation must be made between the two, responsibility goes before profit. Svenska Spel

Facts, Board of Directors

Directors elected by the AGM	Board	Attendance ¹	Benefits Committee	Attendance ¹	Audit Committee	Attendance ¹	Elected	Independent ²
Anders Gustafzon ³	Chairman	3/3	Chairman				2003	I
Margareta Winberg ⁴	Chairman	13/13	Chairman	3/3			2008	I
Stefan Borg	Director	15/16					2007	I
Björn Fries	Director	16/16			Director	4/4	2007	I
Eva-Britt Gustafsson ⁴	Director	12/13			Director	2/3	2008	I
Karin Johansson ³	Director	3/3			Director	0/1	2003	I
Lena Jönsson	Director	15/16	Director	3/3			2007	I
Lena Melinder	Director	13/16			Chairman	4/4	2004	I
Lars Otterbeck	Director	15/16	Director	2/3			2007	I

Employee representatives

Anders Andersson	Director	14/16				2005	D
Sabina Augustsson	Alternate	15/16				2005	D
Britta Höglund ⁵	Alternate	6/7				2008	D
Lina Ingelsson ⁶	Alternate	3/12				2007	D
Elin Mårtensson	Director	14/16				2005	D
Martina Ravn ⁴	Alternate	13/13				2008	D
Bertil Sandström	Director	16/16				1996	D

1. Attendance relates to the 2008 calendar year
2. The directors and alternates that are appointed by the employee organisations are employed within the Group and thus not independent in relation to the Company. I=independent, D=dependent
3. Left the Board at the AGM on 15 April 2008
4. Elected at the AGM on 15 April 2008
5. Left the Board at the AGM on 15 April, re-elected at the board meeting on 23 October 2008
6. Left the Board at the board meeting on 23 October 2008

should also promote and contribute to sustainable community development through reducing the environmental impact of its business. The CSR Report can be found on pages 29–62.

The Articles of Association specify that the Svenska Spel Board is to comprise not less than three, and not more than ten, directors appointed by the AGM. Under Swedish legislation, employee organisations also have the right to appoint board directors with alternates. Svenska Spel employees are, thus, given the opportunity to appoint employee representatives and, through them, make recommendations or provide guidance to the Board or Key Management.

Composition of the Board

In 2008, the Board consisted of seven elected directors. The Board also had three directors and three alternates appointed by employees via employee associations.

The CEO is not a director, but does attend board meetings. None of the directors are included in Key Management. A description of each director's age, education, main professional experience, other significant assignments outside the Company and number of years as a director of Svenska Spel is presented on page 116. Three of the directors are men and four are women. The average age is 58. Four of the employee representatives are women and two are men. The average age is 44.

Work of the Board

According to its Rules of Procedure, the Board should usually convene four meetings per year, in addition to the statutory meeting. The work of the Board is primarily undertaken within the framework of formal board meetings and the meetings of the Board's two committees, the Audit Committee and the Benefits Committee.

Each year the Board establishes Rules of Procedure for its work, instructions for the division of responsibilities between the Board and the CEO, and instructions for financial reporting to the Board. The Rules of Procedure stipulate such items as the number of meetings to be held by the Board, the matters which are to be addressed at shareholders' meetings, the division of responsibilities between the Board and its committees, and the distribution of work responsibilities between the Board and the CEO. The CEO Instructions specify the responsibilities of the CEO and the authority assigned.

The Board is responsible for financial monitoring and has regular meetings with the Company's auditors to receive their opinions. Auditors participate in the meetings of the Audit Committee and meet the Board in its entirety at least once per year. The Board's meeting with auditors takes place without the presence of the CEO or other members of Key management.

Chairman's responsibility

The Chairman is responsible for such matters as coordinating the Board's standing in relation to the owner in significant matters for the Company, to ensure that the balance of work between the Board and the CEO is maintained and, through contact with the CEO, the Chairman is to follow the development of the Group.

Work of the Board 2008

In 2008, the Board held 16 minuted meetings and 4 per capsulam (on the basis of written correspondence) meetings. Subjects dealt with during the year include:

- Financial statements and press releases
- Company and ownership issues
- Annual Report, Audit Report
- Appointment and recruitment of CEO
- Interim reports and press releases for individual quarters
- Investment matters, major contracts and licence applications
- Owner's changed mandate and Company matters
- The Gaming Inquiry
- Strategic plan for the business
- Responsible gaming measures
- Business plan and budget
- Organisational change

The Board received assistance during the year from the Secretary of the Board and Chief Legal Counsel, Bengt Palmgren, who is not a director.

Board committees

The Board has established an Audit Committee and a Benefits Committee. The work of these committees is determined annually by the Board through specific committee procedures. The work of the committees is primarily to prepare issues for final resolution by the Board. The Board has given the committees right of decision in certain matters. Following each meeting, the committee makes a report to the Board on the issues handled. The minutes of each committee meeting are attached to the minutes of the subsequent board meeting.

Audit committee

The Audit Committee consists of three directors and an employee representative from the Board. These were, as of the statutory meeting in April 2008, Lena Melinder (Chairman), Björn Fries and Eva-Britt Gustafsson.

The Audit Committee is responsible for making preparations to support the Board in its assurance of financial reporting. The Committee works in cooperation with management and the auditors to monitor and assess the handling of complex accounting issues, the choice of accounting policies and the effect of these on the consolidated accounts. The committee is also to hold regular meetings with the Company's auditors to follow the focus and scope of the audit, discuss coordination between the external and internal auditing activities, review the Group's risks, and establish guidelines for determining which services, other than auditing services, should be provided by the Company's auditors as well as the focus of internal auditing. Internal and external auditors, take part in meetings of the Audit Committee, thus enabling information to be shared on a regular basis and for coordination between the internal and external auditing work as well as reviewing the Group's risks. The Company's CFO and Chief

Legal Counsel also present reports at the Committee's meetings. The Audit Committee reports to the full Board of Directors subsequent to each meeting.

The Audit Committee held four meetings in 2008. Committee meeting attendance is presented on page 111. The work of the Audit Committee during the year involved a review of the financial reporting of the independent position of the auditors and the internal audit review. Certain assignments that are not audit-related and when they have been carried out by external auditors have been approved by the Audit Committee, in accordance with its policy for such approval.

Benefits Committee

The main assignment of the Benefits Committee is to prepare issues related to benefits and other employment terms for members of Key Management.

The Benefits Committee consists of three directors and an employee representative from the Board. Since the statutory Board meeting in April 2008, they have been Margareta Winberg (Chairman), Lena Jönsson and Lars Otterbeck.

In 2008 the Benefits Committee met on three occasions. Committee meeting attendance is presented on page 111.

CEO and Key Management

The CEO is responsible for the daily administration of the Company. Within the framework determined by the Board, the CEO leads the business and regularly informs the Board of significant business events.

Following the resignation in April 2008 of the Company's CEO since 2004, Jesper Kärrbrink, the Company's CFO served as Acting CEO until January 2009. On 1 February 2009, Meta Persdotter took up the position of President and CEO for Svenska Spel. Her education and professional experience is described on page 118.

Key Management is a forum for information, discussion and decision-making concerning to corporate issues. Meetings of the Key Management group are run by the CEO and held weekly.

Members of Svenska Spel's Key Management are presented on page 111.

Other benefit policies and terms of employment for the CEO and other Key Management

The policies for benefits paid to Key Management were adopted at the latest AGM on 15 April 2008, and stipulate that:

1. Policies apply to all members of Key Management.
2. Fixed monthly salary and company car entitlement is deductible from gross salary when taken as a benefit.
3. Defined contribution pensions as defined in the ownership policy. The contribution is to be in reasonable proportion to the fixed base salary with an upper limit of 30%.
4. Retirement age is 65.
5. There are to be no bonus and incentive schemes.
6. Housing is not supplied.

7. On termination by the Company, severance pay may be paid equivalent to a maximum of 18 months' salary, excluding the term of notice.
8. On termination by the employee, no severance pay is to be paid.

Matters relating to benefits for Group management are prepared by the Board through its Benefits Committee. Decisions relating to CEO benefits are made by the Board, while decisions relating to benefits to other Key Management are made by the CEO.

All members of Key Management, including the CEO, receive a fixed salary and pension benefits, and the normal retirement age is applied in accordance with the owner's guidelines.

The CEO is also entitled to a non-recurring payment equivalent to 18 monthly salaries if the Company should terminate the CEO's employment without grounds for dismissal. For more information on CEO and Key Management benefits, see Note 6 on pages 92–94.

Svenska Spel does not have any share or share-price related incentive schemes for the Board or Key Management.

Auditors

The auditors are appointed at the AGM with the assignment of auditing the Company's financial reporting and the Board's and CEO's administration of the Company. The owner is responsible for selection of auditors in companies with State ownership.

At the 2007 AGM, Öhrlings PricewaterhouseCoopers was elected as auditor. The auditing assignment is effective until the end of the 2011 AGM.

The auditor in charge is Authorised Public Accountant Per Wardhammar. Wardhammar also has auditing assignments in EMC, Samhall and Arbetslivsresurs.

According to Svenska Spel's Articles of Association, the Swedish State Audit Institution (Riksrevisionen) is entitled to appoint one or more auditors to participate in the audit with the other auditors. On 15 April 2008, the State Audit Institution appointed Authorised Public Accountant, Anders Herjevik, as auditor and Curt Öberg as alternate auditor. These appointments will apply until the 2012 Annual General Meeting.

Neither Per Wardhammar or Anders Herjevik have audit assignments for companies that would affect their independence as auditors for AB Svenska Spel.

The auditors conducted their audit during the year based on an audit schedule established in consultation with the Board's Audit Committee. Additional services to those that are included in the contracted ordinary audit assignment are to be approved by the Audit Committee. Svenska Spel deems that the services performed do not compromise the independent position of the auditors.

According to statutory requirements, the auditors and accounting firm received remuneration for audit work and other assignments and for consulting work and other audit-related services. Payment has also been made for independent consulting in the amount of SEK 961 thousand (452). Information on audit fees is found in Note 7 on page 94.

Report on internal control pertaining to financial reporting

This report has been prepared in accordance with the Swedish Code for Corporate Governance, sections 10.5 and 10.6, and is, thus, limited to the organisation of the internal control pertaining to financial reporting. This report forms part of the Corporate Governance report for AB Svenska Spel and has not been audited by the Company's auditors.

The Board is responsible in accordance with the Swedish Annual Accounts Act and the Code for internal control.

This responsibility is primarily exercised through the receipt of reports provided to the Board by management, through the plans, directives etc., made by the Board, and through the work of the Audit Committee.

Organisation of internal control

Svenska Spel's internal control pertaining to financial reporting is designed to provide confidence in the financial reporting and to assure that the reporting is prepared in accordance with appropriate laws, regulations and accounting standards.

Svenska Spel has a strong focus on risk management and internal control. This includes an established process for risk management, an effective internal auditing process and processes with defined internal checkpoints.

The internal control pertaining to financial reporting is defined as the process carried out by the Board, management and other involved personnel to gain reasonable assurance of the correctness of the financial reporting.

Internal audit

The Group has an internal audit department focusing on such matters as reviewing and ensuring the quality of the financial information and reporting, on the security of internal control systems and compliance with applicable rules and regulations. The internal auditor reports directly to the Board's Audit Committee. The focus of the internal auditing process is determined by the Audit Committee on an annual basis. After the internal auditor left the Company for another job, recruitment of an internal auditor has taken place during autumn 2008. The new internal auditor will start on 1 March 2009. The decision has also been taken to expand the internal auditing function with an additional auditor.

Control environment

Svenska Spel's internal control process aims to identify, value and minimise risks in the business.

The basis of the internal control pertaining to financial reporting is the control environment with organisation, decision paths and responsibility. This is documented and communicated within Svenska Spel through governing documents, such as policies, guidelines and instructions.

The Rules of Procedure for the Board, CEO Instruction and board committees clearly allocate roles and responsibilities, which is beneficial to areas such as the effective management of corporate risk.

The organisational structure, roles and responsibilities specified according to objectives per division are uniformly documented for the entire Group. Significant policies and instructions regarding financial reporting have been drawn up and adapted for the Group as a whole. A new and amended policy has been established by Key Management. Certain policies shall, according to the guidelines, also be established by the Board. Descriptions of processes for internal control of financial reporting have been prepared for a number of key processes. The work routines and instructions for ongoing accounting work and end of year procedures are well documented and detailed. Policies exist for risk management, and risk analysis is carried out annually at both the operational and Group level.

Risk assessment and control structures

The major and most significant risk for the Group's financial reporting is related to the process for accounting of game-related transactions. The process is very transaction intensive. The control system that has been built up around this process is deemed to provide a good level of certainty and reliability in the financial reporting. Risk assessment is carried out annually as a basis for assessing the need for changes in internal control of financial reporting.

The process description for the implemented financial reporting also includes risk assessment and the control structures for managing risks.

A clear division of responsibility within the finance department and detailed work procedures are documented for financial reporting. The accounting processes are regularly evaluated and adjusted in line with generally accepted accounting practices, applicable laws and

decrees, and other requirements that apply to the Group's financial reporting.

Compliance with policies and instructions impacting the financial reporting is monitored on a regular basis and deviations are reported to the relevant manager. Monitoring and control of the Company's business and financial position in relation to established goals is carried out on a regular basis.

Certification

Svenska Spel is certified in accordance with the security standard of the World Lottery Association (WLA). The security standard also includes fulfilling the requirements pertaining to the management system for information security in ISO/IEC 27001:2006. The standard includes requirements for the assurance of availability, accuracy and traceability for all business-critical information.

Information and communication

Important procedures and instructions of significance for financial reporting are updated and communicated to the relevant employees on a regular basis. Financial routines for managers are published on the Company's intranet, in conjunction with the Group's other policies.

Follow-up

The Board of Directors reviews the information provided by management and the Audit Committee on an ongoing basis.

The Audit Committee's work includes ensuring that steps are taken if problems arise or measures are proposed in connection with internal control activity and the internal and external audits.

An annual review is made of the application of the Group's policies. The unit responsible for a policy is also responsible for checking its compliance. Monitoring takes place at the Key Management meeting in January when the unit responsible provides a written compliance report regarding the previous year. This report is to report the occurrence of any significant deviations.

At the statutory Board meeting for AB Svenska Spel in connection with the AGM, the CEO provides a written report on the scrutiny of the Group's policies for the previous year. The internal control process for financial reporting should be reviewed and updated annually. The detailed instructions are updated regularly as soon as a change has taken place.

Visby, 12 March 2009

Margareta Winberg
Chairman

Stefan Borg
Director

Björn Fries
Director

Eva-Britt Gustafsson
Director

Lena Jönsson
Director

Lena Melinder
Director

Lars Otterbeck
Director

Anders Andersson
Director/
Employee representative

Elin Mårtensson
Director/
Employee representative

Bertil Sandström
Director/
Employee representative

Board of Directors

Margareta Winberg, born 1947

Chairman since 2008.

Educated teacher.

Other board assignments

Chairman of the Jämt-Brasilianska Friendship Association and Föreningen Årets Margareta. President of Winberg & Dotter AB.

Previous positions and assignments

Swedish Ambassador to Brazil 2004–2007, Minister 1994–2003, Member of Parliament 1981–2003.

Stefan Borg, born 1945

Director since 2007.

Senior lecturer at the Karolinska Institute.

Other board assignments

Chairman of RFMA, Swedish Association against the Abuse of Alcohol and Drugs.

Other assignments

Member of the scientific counsels of the National Board of Health and Welfare and of the National Board of Institutional Care.

Björn Fries, born 1951

Director since 2007. Manager of the Stockholm Prevention Centre.

Previous positions and assignments

Representative Workers' Educational Association (ABF), Representative of the Swedish Social Democratic Party, local government commissioner in Karlskrona, National narcotics coordinator and current coordinator of the Social Democratic Party's work against youth violence.

Eva-Britt Gustafsson, born 1950

Director since 2008. President Apoteket

Omstrukturering AB.

MSc in Economics.

Other board assignments

Chairman of Akademiska Hus AB. Director of Setra Group AB, Euler-Hermes Kreditförsäkring Scandinavia AB and JM AB.

Previous positions and assignments

President Venantius AB, Bank director Nordbanken (Nordea), Vice-president Securum Finans AB.

Lena Jönsson, born 1958

Director since 2007.

General Director of the National

Fortifications Administration.

Master of Laws and graduate in administrative social work.

Other board assignments

Director of Kasernen Fastighets AB, Director of the inspection counsel of the National Service Administration and Director of the country administrative board in Södermanland.

Previous positions and assignments

General Director Swedish Gaming Board.

Lena Melinder, born 1957

Director since 2004.

General Counsel Boxer TV Access AB.

Master of Laws, Uppsala University.

Previous positions and assignments

Partner in Melinder Lundquist Advokatbyrå, General Counsel MTG, General Counsel Strix Television, President of Rally TV, Vice-president Sonet Film

Lars Otterbeck, born 1942

Director since 2007.

Doctor of Economics, Senior lecturer at Stockholm School of Economics.

Other board assignments

Chairman of Hakon Invest AB, Försäkringsaktiebolaget Skandia and the Swedish Industry and Commerce Stock Exchange Committee (NBK). Vice Chairman of Tredje AP-fonden and the Swedish Corporate Governance Board. Director of Old Mutual plc and Skandia Liv.

Anders Andersson, born 1954

Employee representative* (director) since 2007.

Employee representative (alternate) since 2005.

System developer and system architect.

Studies in mathematics and statistics at Uppsala University.

Previous positions and assignments

System technician, Postgirot and Tiptjänst/Svenska Spel.

Bertil Sandström, born 1948

Employee representative* since 1998.

Chairman of the Salaried Employees Union club/staff Association sales area. MA from Stockholm University.

Previous positions and assignments

Retailer manager, product manager, project manager, advertising manager, head of corporate sales, Penninglotteriet/Svenska Spel. Director of Svenska Penninglotteriet 1978–1985.

Elin Mårtensson, born 1979

Employee representative* (director) since 2006.

Employee representative (alternate) since 2005.

Inspector Dealer, Casino Cosmopol Gothenburg.

* Employees of Svenska Spel have the opportunity to influence the organisation by being an employee representative on the Board.

Alternates

(not shown)

Sabina Augustsson, born 1979

Employee representative (alternate) since 2005.

Inspector Dealer, Casino Cosmopol Stockholm.

Martina Ravn, born 1972

Employee representative (alternate) since 2008.

Process Manager Poker, Internet business area.

Britta Höglund, born 1948

Employee representative (alternate) since 2008.

System developer since 1988, Studies in systems science at Örebro University.



Margareta Winberg



Eva-Britt Gustafsson



Lars Oterbeck



Bertil Sandström



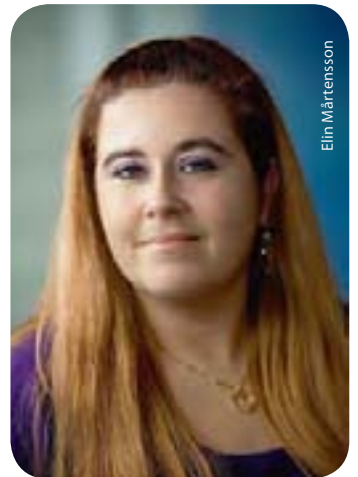
Stefan Borg



Lena Jönsson



Anders Andersson



Elin Mårtensson



Björn Fries



Lena Melinder

Key Management

Meta Persdotter, born 1964

President and CEO from February 2009
Employed 2009

Location: Visby and Sundbyberg

Board assignments

Director of Haléns/Cellbes.

Previous positions and assignments

CEO Duka AB 2007, Sales and marketing manager Stadium Norden 2006–2007, Warehouse manager etc. IKEA 1995–2005.

Training

Executive management, female management, financial control IFL Stockholm School of Economics, Market economist DIHM, IHM Business School.

Anna Björklund, born 1964

Human Resources Director
Employed 2008

Location: Sundbyberg

Previous positions and assignments

Project manager Change Management, SEB 2005–2008, President Stensnäs Kurs & Konferens 2004–2005, President Pengar i Sverige AB 2003–2004, Production manager, Pengar i Sverige AB 2002–2003, HR manager, Pengar i Sverige AB 2000–2002, Various HR positions SEB, 1988–1999.

Training

BSc in Human Resources and Labour Relations with advanced studies in Personnel Management, English, University of Stockholm.

Håkan Sjöstrand, born 1966

Retail Outlet Business Area Manager

Employed 1998

Location: Sundbyberg

Previous positions and assignments

Acting divisional manager Svenska Spel 2007–2008, Retail Outlet business area manager Svenska Spel 2005–2006; Retail Outlet sales manager–Svenska Spel 2003–2005; Establishment manager Svenska Spel 2001–2003; Key account manager Svenska Spel 1998–2001; ICA Handlarnas AB 1994–1998; Länsförsäkringar 1989–1993.

Training

Degree in Marketing Management and Master of Organisational Leadership.

Anders Hägg, born 1950

Acting President and CEO May 2008–February 2009

Chief Financial Officer

Employed 1994

Location: Visby

Previous positions and assignments

Controller, Svenska Spel 1994–2005; Controller, Swedish Armed Forces, Gotland Military Commando and internal consultant for the Swedish Armed Forces 1975–1994.

Training

Business administration at Linköping University.

Marie Avander, born 1963

Restaurant Gaming & Bingo Halls Business Area Manager

Employed 2006

Location: Sundbyberg

Previous positions and assignments

Business area manager Restaurant Gaming Svenska Spel –2008, Purchasing manager Svenska Spel 2006–2008, Purchasing manager Reitan Handel (Pressbyrå, 7-Eleven) 2001–2006, Sales, marketing, purchasing Reitan Handel 1993–2000.

Training

Marketing economy DIHM, IHM Business School.

Per Jaldung, born 1967

Casino Business Area Manager

Employed 2002

Location: Sundbyberg

Previous positions and assignments

Casino manager Casino Cosmopol Gothenburg 2005–2008, Security manager Casino Cosmopol Stockholm 2002–2005, Secretariat manager Swedish Criminal Investigation Department 2001–2002, Group manager/Acting division manager Criminal intelligence service, Swedish Criminal Investigation Department 1997–1999, Criminal inspector, Criminal intelligence service, Swedish Criminal Investigation Department 1995–1996, Stockholm Police 1991–1995.

Training

Police senior management education 1999–2000 (Swedish Police College and University of Uppsala), Swedish Police College.

Anders Granvald, born 1960

IT Director

Employed 2003

Location: Visby

Previous positions and assignments

Operations manager, Svenska Spel 2003–2005; President, Capital C 1998–2003; Project manager, Alfred Berg Fondkommission 1994–1998; Project manager, UNUM Life Insurance 1991–1994.

Training

BSc Computer Science, Umeå University.

Andreas Jansson, born 1972

Director of Communications

Employed 1999

Location: Sundbyberg

Previous positions and assignments

Head of Public Relations, Svenska Spel 2000–2005; Public Relations Officer Svenska Spel 1999–2000; Education 1997–1999; Allmänna Idrottsklubben 1992–1997.

Training

BA, Stockholm University.

Mikael Franzén, born 1963

Internet Business Area Manager

Employed 1993

Location: Visby

Previous positions and assignments

Business area manager Internet & Mobile, Department manager Direct, Business area manager Internet/Project manager Internet gaming, Department manager IT development, Svenska Spel 1996–2005; Project manager Barcode project, Project manager Lottery development & production, Penninglotteriet 1993–1996; Technology consultant Development Fund in Visby/KTH Gotland 1990–1993; Logistics consultant ADEA Stockholm 1988–1990.

Training

MEng in Industrial Economy, Linköping University.

Bengt Palmgren, born 1952

Chief Legal Counsel

Employed 2000

Location: Sundbyberg

Previous positions and assignments

Company Solicitor, Akza Nobel 1997–2000; Corporate Solicitor, Posten 1990–1997; Chief Legal Officer Banco Finans 1983–1989.

Training

LLM Stockholm University.



Meta Persdotter; CEO from 1 February 2009



Anders Hägg; Acting CEO May 2008–February 2009



Anders Granvald



Mikael Franzén



Anna Björklund



Marie Avander



Andreas Jansson



Bengt Palmgren



Håkan Sjöstrand



Per Jaldung

It felt right, so I accepted!



In April 2008, Anders Borg called and asked if I'd like to take on the role of Chairman of Svenska Spel. I must say I was somewhat surprised. I did, of course, inaugurate Casino Cosmopol in Stockholm as stand-in for a former Finance Minister, and I've bought a few Triss lottery tickets in my time, even played a little roulette in restaurants and in Las Vegas, but I was hardly any expert on gaming.

However, just as in a ministry, there is plenty of expertise here in the Company, itself. My task now, as it was then, is to lead the overall work of the Board and the direction of the business. In addition there was another specific assignment from the government: reposition the business to focus even more on social responsibility and security.

It felt like the right thing to do. So I accepted.

Awarded for good long-term work

Once I came into Svenska Spel, a new world for me, the solid long-term work that's been done to strengthen the Svenska Spel brand became apparent. It involves developing the gaming market, itself, as well as focusing on responsible gaming. Svenska Spel should, I was told, become best in the world in terms of responsibility. The government's mandate was spot on!

Few would have thought that results would be seen so quickly. But on Rhodes in October 2008, Svenska Spel was appointed the leading gaming company in the world in the fields of responsible gaming and in the training of retailers and business partners in responsible gaming. The prize was awarded by World Lottery Association, an association of 130 gaming companies in 76 countries. These prizes have been awarded to us thanks to the long-term efforts of many, many knowledgeable employees.

There is a great deal of pleasure in leading such an organisation. A huge thank you to all of you for your efforts! And the mandate stands; we still have much to do.

Second highest profit

A number of new employees have joined us during the past year. Meta Persdotter was recruited as new CEO. We'd like to welcome her, and at the same time thank Anders Hägg for so competently serving as CEO during the recruitment period.

The great job done by Anders and our employees can also be clearly seen in our profits. When we take greater social responsibility, such as in introducing compulsory weekly budgets on all internet gaming, or by modifying our marketing, while our competitors more or less make their own rules in form of their exposure in the Swedish media, when the discussion on our future is at its liveliest and the country is in a financial crisis, then you would think that Financial performance would suffer quite heavily.

But, fortunately, this hasn't been the case! Our profit exceeded SEK 5 billion, making it our second best year ever. This shows that it's possible to combine a strong sense of responsibility with a strong profit. It also means we can deliver more than SEK 1 billion to the sporting movement.

What will happen to retailers in rural areas?

During the year, we awaited the report of the Gaming Inquiry that was presented in December and we are now working intensively on our response. We are convinced that if responsibility is to remain in the spotlight, there must be strong state control over gaming. This is a viewpoint that reflects the Inquiry's first alternative.

To this can be added a small but nevertheless, to someone like me who's grown up in the countryside, important question: Under a potential liberalisation, what would happen to the 871 gaming retailers located in sparsely-populated areas and smaller towns – retailers for which Svenska Spel has lower profitability claims? Posten, Apoteket, Svenska Spel and similar organisations form a rural network that implies that people in small towns and rural areas feel that the State is taking some responsibility for service, despite it not being "profitable" in traditional terms. What private gaming company would think in those terms?

With these words I would like to express my thanks for the 2008 year and look confidently forward to 2009.

Visby, February 2009

Margareta Winberg
Chairman, Svenska Spel

Glossary

Financial concepts

Gross gaming revenue Revenue for all games and lotteries during the period, excluding stakes for multi-week games pertaining to future periods.

Net gaming revenue Gross gaming revenue less paid-out winnings.

Net sales from gaming operations, etc. Net gaming revenue less commissions to retailers and other revenue pertaining to gaming operations.

Earnings per share Profit for the year divided by the average number of outstanding shares.

Operating margin Operating profit after depreciation and amortisation as a percentage of total revenue.

Equity ratio Equity including minority as a percentage of total assets.

Profit (surplus) The profit is that part of Svenska Spel's revenue that remains after paid-out winnings and deduction of costs for Svenska Spel's administration. The Parliament has decided that a portion of the profits go to non-governmental and sporting movements for children and youth via the Swedish Sports Confederation and the National Board for Youth Affairs. The remainder goes to the State Treasury. A portion of the profit from Penninglotterien is paid to cultural projects.

Other concepts

Business partners The restaurants and bingo halls etc. that provide gaming on Vegas VLTs in premises in partnership with Svenska Spel.

Breach of Treaty The EU treaty (Treaty of Rome) was effected on 1 January 1958. It consists of 314 articles and in particular contains the ground rules for the common market. The EU Commission hears cases of suspected breaches of treaty, so called breach of treaty cases.

Prudence principle The prudence principle, as expressed in Svenska Spel's mandate, implies that Svenska Spel shall, when introducing new games or entering new markets, take protective measures, observe the limitations and take the prudent measures otherwise required to prevent, hinder or counteract the risk of negative social consequences for consumers and the community.

Channelling Svenska Spel has the ambition to channel as much as possible of Swedish gaming from foreign internet companies to the Company's more secure environment.

Retail Outlets The retail chains, warehouses, individual boutiques, petrol stations, etc. that sell Svenska Spel's games and lotteries under agreement.

Test visits Svenska Spel contracts external suppliers to make anonymous customer visits to retailers and business partners to check compliance with the rules related to age limits and identification checks.

Playscan Playscan ("Spelkoll" in Swedish) is a unique service on svenskaspel.se that is designed to proactively prevent problem gaming by identifying players at risk of developing gaming problems in the future. Players that activate Playscan are notified of any changes in their gaming behaviour.

AB Svenska Spel

SE-621 80 Visby, Sweden

Visiting address:

Norra Hansegatan 17, Visby

Tel: +46 498 263 500

Fax: +46 498 26 3630

Registered office: Visby

Corporate Identity Number: 556460-1812

AB Svenska Spel

SE-106 10 Stockholm, Sweden

Visiting address:

Sturegatan 11, Sundbyberg

Tel: +46 8 757 7700

Fax: +46 8 98 25 98

Customer support +46 770 111 111

Fax: +46 498 26 3534

www.svenskaspel.se**SVENSKA SPEL**