2007 Annual Report



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Further information is available on www.svenskaspel.se, www.casinocosmopol.se and www.spelalagom.se

Svenska Spel's assignment

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

AB Svenska Spel is to meet consumer interest in having a reliable alternative to illegal gaming operations, and strive to provide a broad service in both urban and rural areas.

Social welfare is to be prioritised in the development of gaming forms and throughout the business as a whole. The risk of fraud and illegal gaming is also to be taken into consideration, and security in gaming management maximised. Regulators must be able to provide efficient and independent control.

AB Svenska Spel is to maintain a responsible positioning in its marketing which reflects social engagement and prevents it being perceived as overly assertive.

Financial Calendar 2008

Annual General Meeting 15 April
Interim report, January–March 21 April
Interim report, January–June 18 July
Interim report, January–September 23 October

The Annual General Meeting will be held at 2.30 p.m. on Tuesday 15 April in Visby, Gotland.

Svenska Spel in summary

Group	Retail Division	Direct Division

In 2007, the organisation consisted of two divisions - Retail and Direct - with associated business units, and a number of Group staff units.

The Retail Division comprises the Retail Outlet, Restaurant and Association business areas.

The Direct Division comprises the Internet & Mobile, Casino, Bingo Halls and Subscription business areas.

Key indicators

	2007	2006
Revenue from		
gaming, etc., SEK m	21,716	20,281
Net gaming revenue, SEK m	9,598	8,905
Net sales from gaming		
operations, etc.	7,915	7,351
Operating profit, SEK m	5,035	4,763
Operating margin, %1	23.2	23.5
Average number of employee	es ² 1,588	1,486

¹ Excluding items affecting comparability

Key indicators

	2007	2006
Gross revenue from		
gaming, etc., SEK m	18,243	17,651
Net gaming revenue, SEK m	7,256	7,050
Operating profit, SEK m	3,973	4,046
Operating margin, %	21.8	22.9
Average number of employees	216	210

Key indicators

	2007	2006
Gross revenue from		
gaming, etc., SEK m	3,637	2,790
Net gaming revenue, SEK m	2,342	1,855
Operating profit, SEK m	1,138	939
Operating margin, %	31.3	33.7
Average number of employees	991	903

Significant events in 2007

- · 18-year age limit on all games other than lotteries.
- "Spela lagom" and "Spelkoll" launched.
- · New ethical guidelines for marketing introduced.
- ISO 27001 certification.
- · Environmental guidelines for procurement of goods and services updated with specific guidelines for areas with major environmental impact.
- Successful channel strategy with increasing market shares
- · Net revenue records achieved for Oddset, Keno, Casino Cosmopol, internet bingo and internet
- Topptipset launched at sales outlets and on svenskaspel.se.
- · Limbo launched and closed.
- · New security organisation.
- · New IT organisation
- New organisation in the Communication & Society staff unit

Significant events in 2007

- · Successful age control campaign in restaurants and bingo halls.
- Tightened age control in retail outlets and restaurants with identification requirements.
- Tightened control that retail outlets and restaurants do not have illegal VLTs.
- · Restaurants and bingo halls certified in responsible
- Retailer education in responsible gaming has high
- · Digital information launched at selected retailers.
- Differentiated commission for Oddset.
- Launch of Oddset Live at retailers.
- Additional gaming objects introduced on Oddset
- · Special FöreningsTriss (club lotteries) with sporting themes launched.
- Cooperation with Reitan Servicehandel Sverige AB (Pressbyrån, 7-Eleven) for checkout-based Lotto games.

Significant events in 2007

- "Spelkoll" launched and gained 18,833 users in six months
- · Additional measures for responsible gaming on internet poker.
- · Svenska Spel achieves 35% market share of internet gaming in Sweden.
- · Casino Cosmopol grows by 15%. Record number of people visit the casinos.
- · BingoLive: Svenska Spel opens its first four bingo halls.
- · Service to lottery buyers extended with a subscription option.
- · International trade magazine eGaming Review appoints Svenska Spel as "Socially Responsible Operator of the Year" on internet.
- · Austrian gaming organisation, Österreichische Lotterien, decides to use Svenska Spel's responsible gaming programme for internet poker.

Priorities for 2008

- · Maintain global leadership in responsible gaming.
- · Increased focus on environmental issues.
- · Spread "Spelkoll" internationally.
- Improved age control in the Restaurant and Retail Outlet business areas.
- · Zero tolerance for illegal VLTs at retailers.
- · Reduced travelling.
- · Same profit level as 2007 despite fewer new products.
- · Establish the new business areas.
- · International gaming cooperation.
- Continue successful channelling.
- Brand even stronger in all dimensions.
- Prepare Svenska Spel for new gaming legislation.

Priorities for 2008

- Increase knowledge about responsible gaming amongst all retailers.
- Continue checking that retailers and business partners do not contribute to illegal gaming and that they check age limits.
- · Launch Lotto games at cash registers in retail chains.
- Continue development of existing gaming forms.
- · Improve digital information at a greater number of retailers.
- Internet at retailers
- · Gain as much benefit as possible on sports games from the European Football Championship and summer Olympics.
- · Establish the Association business area.
- · Create a new retailer category for quick games.
- · New central system for the Restaurant business area.

Priorities for 2008

- Continue development of responsible gaming throughout the business.
- Develop a richer content on svenskaspel.se.
- · Launch a receipt-based payment system for VLTs at casinos.
- Invest in new VLTs at casinos.
- · Establish BingoLive in more bingo halls.
- Create more international cooperation based on Svenska Spel's responsible gaming solutions.
- · Establish the lottery subscription service.

² Other is the average number of staff employees



New brand design

The Svenska Spel brand has a new profile with an updated winner symbol. The symbol has been integrated into product logos to better associate Svenska Spel with its gaming forms.



More casino visitors

Casino operations increased by 15%. A record 1,153,661 visits were made to Casino Cosmopol in Stockholm, Gothenburg, Malmö and Sundsvall.

New business in 2007



Bingo halls

The first bingo halls to be run by Svenska Spel, BingoLive, opened in autumn 2007 in Sundbyberg and Stockholm.

Subscription

The new Subscription business area has started a service that enables customers to subscribe to lotteries.

Association

The Association business area launched Association lotteries that have a range of sporting themes and help boost funding for local clubs.

1997-2007

Svenska Spel 10 years

In 1997, AB Tipstjänst and Svenska Penninglotteriet AB merged to form AB Svenska Spel, Sweden's only wholly state-owned gaming company.

Ten years ago Svenska Spel was a gaming company; now it is a gaming group.

In the early days, our coupon games and lotteries could be found in shops right across Sweden and Vegas was new to the market. Now we also have international casinos, internet gaming, mobile gaming and bingo halls. In line with its growing market share Svenska Spel intensified its investments in responsible gaming; an area which today characterises the business.

Technical developments have changed the gaming market. The growth of internet enabled foreign internet gaming compa-



nies to gain a foothold in Sweden in defiance of the Lotteries Act. Competition increased significantly. Sweden's membership in the EU has also led to a very different playing field today than that which existed ten years ago.

Svenska Spel's first ten years have been eventful. The future is uncertain and exciting, and no doubt when 2017 comes around we will also be saying that "things were very different ten years ago".

2007 in summary

Annual profit SEK 5,247 million



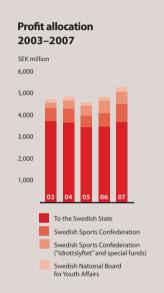
At the Sports Gala in January 2008, Svenska Spel CEO Jesper Kärrbrink announced that SEK 1,394 million of profit for 2007 will go to the Swedish Sports Confederation's operations for children and youth. Chair of the Sports Confederation, Karin Mattsson, received the news.

Profit for 2007 was SEK 5.247 million (4.807). It is allocated between non-government and sports organisations for children and youth, and the public treasury.

- Swedish Sports Confederation, SEK m 834
- Swedish Sports Confederation, SEK m 560 ("Idrottslyftet" and special funds)
- Swedish National Board for Youth Affairs, SEK m 196
- Public treasury, SEK m 3,657

Record gaming revenue

Svenska Spel's net gaming revenue in 2007 was SEK 9,598 million (8,905). Gross gaming revenue amounted to SEK 21,499 million (20,071).



World-class responsible gaming



"Spelkoll" - new on svenskaspel.se

The "Spelkoll" (gaming check) tool was introduced on svenskaspel.se and had 18,833 users by year-end. "Spelkoll" has aroused a great deal of interest in international gaming circles.

svenskaspel.se in the forefront of responsible gaming

Svenska Spel reached 35% market share on internet and received the award 'Socially Responsible Operator of the Year' from trade publication eGaming Review. Responsible gaming solutions for poker gained followers in other countries.

High ethical standards for gaming advertising

Svenska Spel developed stricter guidelines for ethical marketing.

Responsibility before profit

Two of many new measures in the responsible gaming field were the introduction of an 18-year age limit for all games other than lotteries (Casino Cosmopol already has a 20-year age limit), and the "Spela lagom" (play in moderation) concept.



Comprehensive information on responsible gaming can be found in the CSR Report on pages 33-64.

CEO commentary

Dreams, records and responsible gaming

"But that means I can finish building my garage." That was the response from one of the many Lotto millionaires when Pierre Jonsson, our new winner ambassador, called and congratulated him on a Lotto win of some SEK 5.7 million. For most people that is what gaming is all about: Dreams or the possibility to do something that you otherwise wouldn't be able to do.

aming is a popular pastime and for most people helps add a little entertainment and excitement to daily life. And there are more winners than you'd imagine. In 2007 we paid out SEK 11,900,925,064 in winnings, 292 people became millionaires – that's more or less one every weekday of the year.

But we are also winners. In 2007 we established our position as one of the most responsible gaming companies in the world. We launched the "Spela lagom" (play in moderation) concept and "Spelkoll" (gaming check) – the only tool in the world that helps prevent problem gaming. We introduced an 18-year limit on all retail games other than lotteries, we continued to have the world's most effective age control on internet, and we were the first gaming company in the world to introduce automatic age control on Vegas. As a result of all of this we received the award "Socially Responsible Operator of the Year" from the trade magazine eGaming Review.

We're also pleased from a profitability point-of-view. Growing market shares - mainly on internet, a strong business cycle and lower costs in the existing business meant that we achieved a record profit of SEK 5,247 million in 2007. It's a fantastic bonus that this means we can now distribute more money than ever before, SEK 1,590 million, to sports and the National Board for Youth Affairs.

2007 has been an eventful year with a number of ups and downs. We have to face up to things like Limbo – it's never fun to launch a game and take it off the market in the same quarter – and the end of our cooperation with Lithuanian gaming company Lotelita. But looking at it as a whole, the positive aspects shine far brighter. We have three new business areas that are gradually coming into their own: Bingo Halls, Association and Subscription. We are maintaining our world leadership in responsible gaming, our casinos have had more visitors than

ever and retailers are stable with growth in Triss, Oddset and Lotto. Vegas has come back after the smoking ban, Topptipset went better than expected, we continue taking market share on internet and our brand has become stronger during the year. The management and employee index remains high. The new directive presented last summer is in line with our strategies to give greater priority to responsible gaming. And the view that problematic gaming should be run under state control works in our favour long-term and is fully in line with our poker and bingo programmes – despite our belief that it is difficult to develop a new regulation based on the relative risk inherent in the game.

We believe instead that regulations should first be established where companies licensed to operate on the Swedish market - one or more operators - and who choose to follow the regulations, are able to do so without illegal operators competing in parallel on terms that risk public health. We have nothing against competition, but we do have difficulty accepting companies that so blatantly profit from the negative aspects of gaming. Today, for example, there are only two operators who use the Swedish Population Address Register (SPAR) to avoid underage gaming on internet: Svenska Spel and ATG. Just why this is the case is a question that should be asked more often.

2008 - Profit and uncertainty

With a record year behind us, we're heading for an exciting 2008. Competition continues to increase – internet companies are positioning themselves for whatever the future might bring, the EU Commission may or may not decide to sue Sweden for breach of treaty, the inquiry is presenting its proposal for new gaming legislation and the business cycle is uncertain. What we do know however is what is expected of us, and we continue to focus on achieving our long-term mission.



Svenska Spel's long-term mission

In ten years time Svenska Spel shall, through ...

- · a superior service and gaming experience across the business.
- development of competitive and attractive products and forms of distribution,
- · world-leading responsible gaming,
- brand content Svenska Spel in the lead, Responsible gaming, Community benefit,
- international product cooperation Gaming in pools with other WLA companies,
- stronger customer relationships,
- greater intellectual capital Increased efficiency, Greater renewal, Balanced risk,

... and regardless of the form of regulation, remain a reliable, responsible and efficient gaming company with a market share of the total gaming in Sweden not less than 50% and thus ready to generate profit equivalent to that in 2007. Svenska Spel will continue to prioritise responsibility ahead of profit.

To remain a world-leader in responsible gaming, and maintain market share and profitability over time, we have to be able to develop the company in line with customer expectations. This involves a commitment to sustainable development, particularly in terms of responsible gaming and environment, and is an area where we will invest even more in coming years. Read more about this in our CSR Report, which is audited for the first time this year.

This year Svenska Spel is introducing a special project to reduce its environmental impact. The objective is to take a stand on how the gaming industry can contribute to sustainable development in areas other than those related to responsible gaming. The environment is an area where all companies must start looking at the impact they have.

We also plan to develop new products along with our existing products. Unfortunately the inquiry and the EU Commission's breach of treaty threat have meant our applications have been put on hold.

In the meanwhile we have decided to work with what we have, think differently and carry out our assignment. In principle, this means that we will do everything that we do today, but a little better, a little more efficiently, and in some cases a little more – from marketing to responsible gaming. Put simply, it means that we will go on developing Triss, Lotto and the pools, our odds-setters will continue offering the best gaming range on the market, we will release version 2.0 of svenskaspel.se this year, and we will continue developing our cooperation with retailers. It also means more bingo halls, more subscription campaigns, more associations, a new centralised system for Vegas, expanded casinos (we have to turn down guests too often because they are full), more responsible gaming and more test visits, "Spelkoll" for new games, more international gaming cooperation and more effective marketing.

In the long run however it is not enough to simply do more of the same but better - we have to be able to add new and interesting, responsible products to our range – but I would like to believe that it is enough to make 2008 another good year with a lot of money going to sports.

Last but not least – a big thank you to all our employees for a fantastic job, day in day out.

Visby, February 2008 Jesper Kärrbrink, CEO Svenska Spel

Expanding market awaits new regulations

Competition increased on the gaming market in 2007 along with gaming revenues. The Government initiated an inquiry to tighten Swedish regulations and the EU Commission commenced a breach of treaty case against Sweden and a number of other countries.

egulation of the Swedish gaming market needs restructuring. The Government initiated an inquiry which will propose a long-term sustainable gaming regulation.

The committee directive for the inquiry (Dir. 2007:79) states that: "The new regulations shall preserve and strengthen social protection aspects and counteract gaming dependency, fraud and criminality. The basis for the current model for gaming regulation is also to serve as a model in future. The model shall combine the need for a strong and improved level of social protection with the need to adapt to the conditions of the modern IT society and the ensuing obligations of EU legislation."

The inquiry is to propose how the current regulations could be tightened and map the extent to which various gaming forms cause dependency. The starting point is that only those games that are known to be associated with gaming problems be run under state control.

It should also determine if this type of restriction of current regulations may not be possible on all points due to EU legislation, technical or other issues, and if so propose a partially new system which would includes operators other than those currently licensed for gaming operations. The directive for the inquiry makes it clear there will be marketing restrictions and clearer governance of state-controlled gaming companies.

EU Commission reviews the gaming market

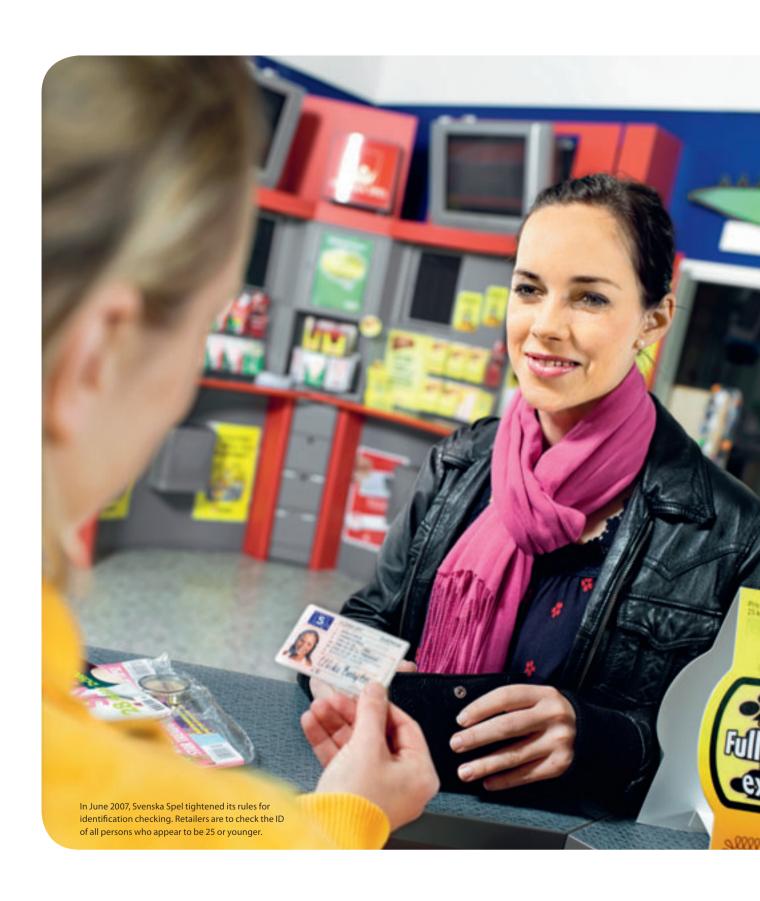
The EU Commission has commenced a breach of treaty case (i.e. suspected breach of the Rome Treaty, which provides the fundamental rules for the common market) against Sweden

and several other countries in the gaming market. The cases comprises VLTs (formally initiated on 18 October 2004), sports betting (11 April 2006) and internet poker (31 January 2008). If the EU Commission is not satisfied with the Government's response the cases are likely to end in the European Court of Justice. What this means in the long-term for Swedish gaming regulation and Svenska Spel is uncertain.

Svenska Spel considers that the gaming market must be regulated for public health reasons. How the regulations are to be designed - rules for taxation, granting of licences, number of operators, etc. - will be determined by the politicians involved. Svenska Spel is prepared for all conceivable scenarios. The key aspect is that all licensed operators in the gaming market are subject to and follow the same regulations. This is not currently the case when foreign internet-based gaming companies can bypass Swedish legislation.

This highlights a key issue that the gaming inquiry is also to resolve: How should a regulated gaming market be protected? Regardless of the form of regulation – monopoly, licensing system or other solutions – the gaming market requires a functional form of protection. To achieve the sought-after social effects, there must be a way to deny access to the market for operators that do not follow the regulations and responsibility requirements. Succeeding in this is crucial to achieving a longterm, effective regulation of the gaming market.

In spring 2007, Svenska Spel's assignment was restricted somewhat with greater emphasis applied to responsible gaming. The Company still sees it as its assignment to channel gaming in Sweden to a more responsible environment than the





non-regulated or illegal alternatives. In order to fulfil this assignment and counter the competition, it is important Svenska Spel receives the licences required to develop its business.

The regulated market expanded

Net gaming revenue generated by regulated Swedish gaming companies increased in 2007 by more than 8% to SEK 15,897 million (14,654). Svenska Spel and AB Trav och Galopp (ATG) both had increased revenue. NGO gaming and lotteries also had a total net increase in 2007 of some SEK 255 million, primarily due to the ongoing success of Postkodlotteriet. The growth of the regulated gaming market should be seen in relation to the increase in purchasing power which has a strong influence on gaming. In the past six years, net gaming has represented just over 1% of disposable income and this looks to continue in

Svenska Spel's profit was SEK 5,247 million (4,807), of which SEK 1,590 million (1,370) will benefit NGO and sports organisations for children and youth. Net gaming revenue increased by 8% to SEK 9,598 million (8,905).

All Svenska Spel business areas grew during the year. In the Retail Division, the Company's two biggest business area, Retail Outlet and Restaurant both increased. The division's third business area, Association, increased its sales in 2007 and created an organisation to support strong growth in 2008. In the Direct Division, the Internet & Mobile business area continued to grow and take market share from foreign internet-based gaming companies. The Casino business area, with international casinos in Stockholm, Gothenburg, Malmö and Sundsvall, increased both the number of visitors and its sales. In the Direct Division, the Bingo Halls business area opened its first BingoLive halls in the Stockholm area and the new Subscription business area started operations.

ATG also showed growth of approximately 4% in 2007, equivalent to SEK 145 million net. Most forms of betting on trotting have developed well with the biggest game, V75, showing an increase in net gaming revenue of 4%.

NGO's have for some years struggled with falling interest in Bingolotto and traditional bingo games, a trend that continued in 2007. Postkodlotteriet made a breakthrough when launched in 2005, a trend that continued in 2006 and 2007. A number of bingo alliances are now working with Svenska Spel to revitalise bingo with the first BingoLive halls run by Svenska Spel opening in autumn 2007, Overall, however, there is a declining trend for bingo halls.

Responsible gaming shows results

Svenska Spel's investment in responsible gaming continued in 2007 with one of the outcomes being the launch of "Spelkoll" - a voluntary tool on svenskaspel.se based on artificial intelligence that can be used by players to keep track of their gaming habits. For Svenska Spel, responsible gaming is not only a natural commitment to players and the community, it is also a key competitive advantage. Svenska Spel's approach to responsible gaming has, for example, played a major role in its increasing market share in internet gaming.

In terms of responsible gaming, Svenska Spel and ATG are not direct competitors. The companies cooperate with other regulated operators in the industry through the ethical committee for the gaming market (SPER). A specific outcome has been that the committee has developed guidelines for ethical marketing in the gaming industry. Svenska Spel and ATG have also run joint training in responsible gaming for retailers. Svenska Spel has however taken its gaming responsibility further in 2007 than any other operator in Sweden or elsewhere in the world, largely through its "Spelkoll" and "Spela lagom" initiatives and intensified test visits.

Unregulated gaming companies in the total market

Svenska Spel's biggest competitor is ATG, which has essentially the same retailers as Svenska Spel. ATG is also a competitor on internet. The competition is highly evident in retail outlets attractive games and customer-based product development have a strong impact on customer choice as do effective marketing communication, responsible gaming, loyalty programmes and player service.

Svenska Spel, ATG and NGO games and lotteries are the major operators in the regulated gaming market, although the

total market includes the foreign gaming companies that target Swedish players on internet. Svenska Spel's net share of this total gaming market, which includes unregulated internet companies, amounts to 56% while ATG has a 20% share.

The net market share held by foreign internet-based gaming companies in Sweden is estimated to be 9%. Despite promotion being prohibited under the Lotteries Act these companies, which operate outside Swedish regulation, market intensively to Swedish players. This has resulted in a number of media companies being reported by the National Gaming Board.

While awaiting a final decision, foreign internet-based gaming companies continue marketing their gaming sites in Sweden. In autumn 2007 limitations were eased on gaming advertising on British television, making it possible to broadcast fulllength advertisements for gaming. As Swedish households receive a number of television channels direct from Britain, including TV3, Kanal 5 and TV6, this has further intensified marketing from foreign internet companies.

The foreign internet companies declined in 2007. There is essentially full competition on internet, although operators are not subject to the same regulations. Of Svenska Spel's various gaming forms on internet, Oddset, poker and bingo are subject to the heaviest competition. Svenska Spel has taken market share in 2007 and is today clearly the leading internetbased operator in Sweden with 35% market share – largely

thanks to its committed approach to responsible gaming and the success of its poker. The strong growth in internet poker during the past two years has however abated. Exactly how much money leaves Sweden through foreign gaming companies is difficult to estimate, but is judged to be in the vicinity of SEK 1.5 billion.

Which gaming forms have the greatest risk?

VLTs, bingo, casino games and games of skill where knowledge increases the chances of winning. Fast games with little time between the stake and outcome are generally more risky.

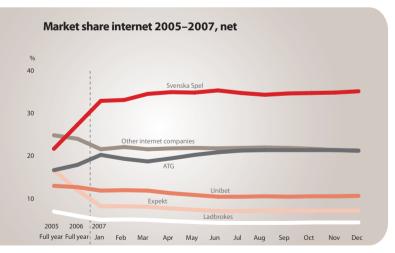
Illegal competitors to Vegas

Svenska Spel's Vegas VLTs also face significant competition despite Vegas being the only VLT allowed on the market outside casinos. A great many illegal VLTs are in existence throughout the country. For obvious reasons it is not known what turnover these generate, but a 2003 estimate made by the National Gaming Board put the number of illegal VLTs at around 3,000. In November 2007 the police made a widespread crackdown on illegal VLTs and their suppliers.

Gaming market trends

The strongest trends in recent years have continued to characterise the gaming market in 2007. These trends are expected to continue in coming years:

• Foreign gaming companies maintain their strong focus on the Swedish market, and are considered "clean" by an increasingly large proportion of the public.



Source: The graph is based on actual revenue from Svenska Spel and ATG combined with an estimate of the revenue of other companies based largely on Svenska Spel's regular market analysis.

- Games with high paybacks and short intervals between draws are increasing at the cost of slow games with low paybacks.
- Attitude to gaming company brands is becoming more important as gaming products become increasingly generic.
- Gaming responsibility is becoming more significant for customers and the community alike.
- Gaming is more international, with more cross-border gaming cooperation.
- Growing interest from the media and other closely related industries in the gaming market.
- · Continued unclear rules and conditions for operators in the industry.

Current and key factors also affecting development in the gaming market:

- · Economic development in Sweden.
- Svenska Spel's modified assignment with an emphasis on responsible gaming.
- The EU's breach of treaty case related to sports gaming and internet poker.
- The Government's gaming inquiry.

There are no indicators that gaming is likely to decline in Sweden. On the contrary an increase in disposable income, and thus spending (in general as well as on gaming), is expected in 2008. The proportion of the population against gaming as a form of entertainment has not grown in the last year and gaming advertising is expected to remain at approximately today's levels.

Facts about the regulated Swedish gaming market

Source: Preliminary statistics for 2007 from the Swedish Gaming Board.

The regulated Swedish gaming market, gross revenue per gaming operator

SEK million	2007	2006	2005	2004	2003
ATG	11,869	11,278	10,988	10,776	10,534
Svenska Spel ¹	21,486	20,071	19,586	20,207	19,533
Total	33,355	31,349	30,574	30,983	30,067
NGO games and lotteries					
NGO lotteries incl. Bingolotto	1,121	1,249	1,391	1,888	2,269
Bingo	1,500	1,503	1,665	1,796	1,820
National lotteries	1,975	1,399	996	932	878
Local lotteries	112	113	102	103	105
Regional lotteries	3	3	4	3	5
Total	4,711	4,267	4,158	4,722	5,077
Restaurant casinos ²	600	646	759	870	1,058
Total	38,666	36,262	35,491	36,575	36,202

- Including gaming revenue for Casino Cosmopol and Poker.
 Low response frequency among surveyed restaurant casino operators means the information on restaurant. casino gaming is less reliable than for other reported information.

The biggest games in Sweden, gross revenue per gaming type

SEK million	2007	2006	2005	2004	2003
Vegas	7,093	6,811	6,830	7,270	6,919
V75	4,292	4,141	4,115	4,156	3,996
Triss	3,308	3,147	3,093	3,246	3,187
👩 Lotto	2,532	2,350	2,255	2,104	2,159
⊘ Oddset	2,440	2,112	1,924	1,990	1,776
Dagens Dubbel	1,988	1,911	1,988	1,986	1,994
Vinnare, Plats	1,672	1,562	1,671	1,585	1,589
Bingo	1,500	1,503	1,665	1,960	1,820
🖪 Keno	1,337	1,322	1,221	1,155	1,091
V65	1,186	1,185	1,311	1,325	1,373
	1,153	1,002	922	853	720
Bingolotto	958	1,065	1,257	1,637	2,180
Postkodlotteriet	921	307			
V64	826	824	110		
Stryktipset	794	790	862	931	1,003
⊙ Joker	728	691	681	634	610
Tvilling	619	401	187	162	
Restaurant casino games	600	700	759	1,165	1,018
Miljonlotteriet	447	405	398	381	364
🖪 Poker on svenskaspel.se	385	206			
🖪 Internet bingo, Pick'n'click	364	300	189	109	13
Kombilotteriet	354	338	331	324	308
Trio	347	369	442	525	565
(o) Tia	282	323	368	384	343

1. Reported net gaming revenue, i.e. after pay-out of winnings.

The regulated Swedish gaming market 2007



Total net gaming market in Sweden 2007



Source: Preliminary statistics from the National Gaming Board and Svenska Spel estimates of the net share of foreign internet



Effective responsible gaming in an effective organisation

In the reformulated assignment Svenska Spel received from the Government in 2007, social responsibility was given greater emphasis. For Svenska Spel this means that its long-term work to build a strong level of gaming responsibility, for the benefit of individual players and the community as a whole, gains even greater significance.

venska Spel has long worked with preventative measures to reduce the negative effects that can be associated with gaming. Today it is considered to be in the global forefront in the area of responsible gaming. This process also provides clear results. The percentage of players with problems is, for example, significantly lower among Svenska Spel's internet players than among those who play with foreign internet-based gaming companies. This is also reflected amongst the Swedish population who has a high degree of confidence in Svenska Spel.

Internationally, Svenska Spel's internet poker, which provides players with tools to help them control their gaming, has

How much does Svenska Spel invest in responsible gaming?

Approximately SEK 34 million per year in direct costs. Svenska Spel also has an indirect profit loss of several hundred million kronor annually in line with its assignment to put "Responsibility before profit", particularly with sensitive products such as Vegas.

aroused much interest. The Austrian government has followed the Swedish example and licensed the state-controlled Österreichische Lotterien to arrange internet poker based on the Svenska Spel model.

Effective gaming responsibility

In 2007, Svenska Spel received ISO 27001 certification and was appointed 'Socially Responsible Operator of the Year' by the international trade publication eGaming Review. More can be read about this and other areas affecting Svenska Spel's gaming responsibility in the CSR Report starting on page 33.

An effective approach to responsible gaming must be based on an attractive range of gaming products. To be able to channel as much as possible of Swedish gaming from an unregulated to a regulated environment, Svenska Spel invests heavily in development of products and distribution forms.

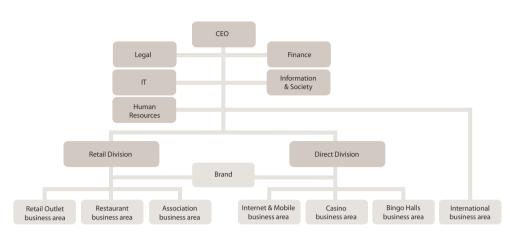
The Svenska Spel organisation

Svenska Spel's business had two divisions in 2007, Retail and Direct. The divisions reflect the ways customers can choose to play: through one of Svenska Spel's retailers, such as a gaming outlet or a restaurant, or directly through Svenska Spel, for example via svenskaspel.se or at Casino Cosmopol.

From 1 January 2008 a new organisational structure was adopted as part of the process of developing Svenska Spel into an even more effective gaming company.

Other organisational changes in 2007

Svenska Spel's International business area concluded the international operations it started in 2005. This involved ending the



Organisation until 2007

The Svenska Spel organisation

From 1 January 2008 a new organisational structure is effective. The business will still have two divisions, but a different grouping of business areas. Two new divisions have been created: The BRK Division (Bingo, Restaurant, Casino) and the SoL Division (Games and Lotteries).

The BRK Division includes the Bingo Halls, Restaurant and Casino business areas. The SoL Division includes the Retail Outlet, Internet & Mobile, Association and Subscription business areas.

The change has been made in order to better utilise the synergies between the different business areas. The businesses are grouped in the divisions to enable them to work closely together and with organisational proximity. This will contribute to more consistent divisional development, stronger synergies and greater efficiency.



Organisation from 2008

cooperation with Lithuanian organisation Lotelita and selling its holding in the jointly owned company Winloto. The remaining international business operations became part of the divisional structure with the focus now on international gaming cooperation and export of the Svenska Spel concept for responsible gaming.

The former Branding staff unit became part of the Information & Society staff unit (known as Communication & Society from 2008) to more effectively coordinate Svenska Spel's many communication activities – advertising, PR and information, sponsorship, etc.

The Subscription business area started operation. The IT staff function has restructured its organisation to more effectively meet the requirements of the business. In addition, all gaming support (personal service for customers, retailers and business partners) has been combined under the Finance and Group Support staff function. ■

Svenska Spel's objectives and strategies

Svenska Spel bases its activities on a long-term mission that has a ten-year perspective. Then as now, Svenska Spel is to be the market's biggest and most responsible operator. Clear strategies, which are constantly being developed and improved, help the Company achieve this.

egardless of the form of regulation, Svenska Spel shall in ten years remain a reliable, responsible and efficient gaming company with at least 50% share of the total net gaming market in Sweden, thus protecting its market position. Ten years from now, the business should continue to put responsibility before profit. This will be achieved by:

- · Offering a superior service and gaming experience in all our transactions
- Developing competitive and attractive products and distribution forms

Mission

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

Vision

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

Value base

Commitment • Professionalism Responsibility • Awareness

- Be a global leader in responsible gaming
- Strengthen the brand such that it conveys the Company's leading position in responsible gaming and social value
- Develop more international product partnerships
- Strengthen customer relationships
- Strengthen the intellectual capital.

Responsibility before profit

Responsibility before profit is an underlying philosophy in all commercial activities at Svenska Spel, primarily in terms of game development and marketing. From a strategic perspective, this means not leading the development of new gaming forms that risk an increase in problem gaming. However, should another party develop a gaming form that has an impact on the gaming market, Svenska Spel is to offer a more reliable and responsible alternative. We are also to withhold from advertising gaming forms that are sensitive from a gaming dependency perspective and always base our advertising on the ethical guidelines of the industry and the Company.

Taking responsibility is also a matter of long-term survival, as many consumers are well aware of which companies take responsibility and make their choices accordingly.

Being a world leader in responsible gaming comes not only as a result of our assignment but is also a commercial success factor. Our ambition is that our players also perceive us as responsible, a fact which is particularly important for a new generation of customers who put a lot of value on responsibility, ethics and moral.

A world-leadership position also demands we develop the best tools in the market to help players monitor their gaming

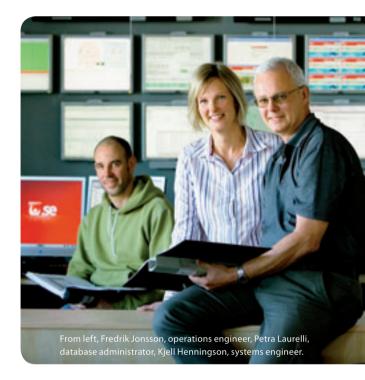
and limit it to a reasonable level. We will also continue educating our employees and our partners, and be clear and specific in the information we provide. Additionally, the intensity and scope of our research collaboration in responsible gaming will be increased (see the CSR Report on page 40).

Maintain our position

Svenska Spel operates in a commercial market with competition from other regulated operators as well as from internet-based foreign gaming companies and illegal operators that offer gaming in Sweden. Our commercial objective is not to increase gaming, but rather to maintain our market position. To enable that, it is essential we are perceived as reliable. A company with a shrinking business is seen as vulnerable and ultimately as less attractive.

To protect our market share we intend to

- · Continue our focus on responsible gaming
- Develop existing products
- Develop new products
- Develop attractive distribution forms
- Aim for a payback level that ensures channelling (so players prefer Svenska Spel's safe, regulated gaming environment to that of foreign internet companies), profitability and gaming
- Market our games in a responsible and effective manner to ensure channelling
- Be the gaming company of the Swedish people and benefit from the opportunities inherent in a multicultural society.



No games without IT

Svenska Spel's IT staff function provides the development and administration resources needed to implement the Group's long-term strategies and objectives. It also runs existing systems, which operate around the clock, every day of the year. That the technology functions when our millions of customers want to use our games and collect their winnings is obviously of the utmost importance for Svenska Spel and its players.

Svenska Spel has Sweden's largest private communication network. A high level of availability is required due to the many external interfaces and users, including 6,385 retailers and over 100,000 internet customers. A large number of transactions (purchasing, invalidation, profit validation, balance, etc.) are handled in the complex IT environment. In October 2007, during the peak gaming season, there were more than 47 million transactions with at most 7,800 per minute (excluding Vegas transactions).

International cooperation

Our international strategy has changed in that we now focus on the following areas:

International gaming cooperation

As part of its international strategy, Svenska Spel is to be actively involved in and develop international gaming cooperation with other regulated operators. This is already occurring in ways such as through the Viking Lotto game, which is a cooperation between gaming companies in Sweden, Norway, Finland, Denmark, Iceland and Estonia.

Sell know-how and rights

Svenska Spel is one of the world's leading gaming companies and this creates demand for its knowledge of gaming and responsible gaming. The latest example is the responsible

gaming tool "Spelkoll" that has aroused much interest internationally. As part of our international strategy we shall, within the framework permitted by the assignment, capitalise on the available demand for Svenska Spel's knowledge and rights.

IT as part of our business processes

A critical part of achieving overall objectives is the ability to develop new business and products in future. Extending current product life cycles, developing new products and creating new business form the basis of being able to preserve our current position in the next ten years. A critical part of succeeding in this is that Svenska Spel's IT functions are an integrated part of business development.

Brand

As gaming products become increasingly generic the corporate brand becomes more important. We are continuing our process of strengthening the Svenska Spel brand and the values associated with it: responsibility, gaming enjoyment and payback.

The association between the corporate brand and product brands is becoming more important and will be given greater visibility. The Svenska Spel brand should help connect and clearly add value to all transactions.

Employees

Based on Svenska Spel's value base, a strong employer brand and effective competency supply, Svenska Spel is to ensure that employees are familiar with and capable of managing the challenges facing it in coming years. As the rate of change increases, the ability of management to communicate and inform in an adequate manner will be a critical factor in employee motivation.

The Svenska Spel brand – responsibility, gaming pleasure and payback to the Swedish people

As competition gets tougher and gaming products become increasingly similar, the choice of gaming company is instead determined by the values associated with the various operators. Which is why Svenska Spel continues to invest in brand reinforcement.

o create a familiar brand, which is maximally associated with responsibility, gaming pleasure and payback, and lives up to the promise "everybody wins with Svenska Spel", is one of the Company's key strategies. A broad process of reinforcing the Svenska Spel brand commenced in 2006. The purpose is to provide the brand, which most people are familiar with, with an equally recognised and clear content.

We will continue our efforts in 2008 to further strengthen positive attitudes amongst our customers and the general public. Success will depend on effective marketing communication to directly impact the brand, but naturally it is the overall experience of Svenska Spel that determines how our business is perceived. Every interaction we have with customers and the public helps create Svenska Spel's image.

Responsibility

It is a well-known fact that there are risks associated with games and gaming. But through preventative responsibility measures the potential risk of gaming-related problems can be substantially reduced. Svenska Spel's most important task is to minimise the negative social consequences associated with gaming. We do this through providing information, training and developing useful tools for players.

Naturally, we also want as many as possible of our customers to be aware of and value our responsibility programme. This means responsible gaming will not only be a fundamental part of our business, but also have a high profile in our brand communication.

Payback and community benefit

Our competitors want to profit their owners. We also want our owner, the Swedish people, to profit from us. Not only in direct monetary terms – by ensuring we run a responsible and ethical business we can be of even greater benefit to the community.





Svenska Spel professions: Winner ambassador

"You must have the best job in the world," is something I often hear when people ask me what I do, and I can't help but agree. There's no doubt it's a fantastic experience to congratulate and be in contact with all our brand new millionaires. Talk about positive energy!

Each year, Svenska Spel products generate between 200 and 300 winnings in the million class and every winner is as unique as every Lotto draw, Stryktips row and Triss scrape.

Among the big winners are people of all ages, from all walks of life, and with completely different backgrounds. This makes my work really stimulating as every meeting starts with a totally blank sheet. The meaning of the question "Are you sitting down?" has taken on a completely new meaning in this job.

But on the other hand, comments such as "I just have to go out and look at the stars for a while ...", "At last, now I can finally buy a Mustang!", "If you'd have been here now I would have given you a big hug ...", "No, sorry but I don't believe you! Give me your number so I can check it out ..." make it easy to lose your thread during the big call to the winner.

When it comes to all our major winnings we should also remember that behind a winner ambassador is a solid team of colleagues in the Finance unit and the Retail Outlet and Internet & Mobile business areas that do a fantastic job behind the scenes. The entire process is made up of different steps where each individual effort is worth gold.

The combination of skilled teamwork on several levels – with the main focus on the major winners

and on the next level the media – is a winning recipe however you look at it, one that is unique to Svenska Spel.

As ambassador you work with the winner yourself, but it wouldn't be "the best job in the world"

if I didn't have a whole team of "mini ambassadors" around me.



Pierre Jonsson, winner ambassador, Communication & Society

Our entire surplus is earmarked for the public treasury and NGO operations. Of the total profit of SEK 5,247 million in 2007 (4,807), SEK 1,590 million (1,370) goes to the Swedish Sports Confederation and the National Board for Youth Affairs. This money is used to contribute to the financing of sports and club operations for children and youth throughout the country.

In addition, Svenska Spel is one of the country's largest sponsors of sport. We have for many years had a long-term and rewarding exchange with the national associations and league clubs for football, ice hockey, bandy, handball and indoor bandy. This partnership with sports has been expanded in recent years through the involvement of the Bingo Halls and Association business areas with local sporting associations. In addition, a number of our games are based on sporting events.

Sports is part of the soul of Svenska Spel. To be seen in a sporting context and in a variety of ways demonstrates our unique relationship to sports and is a natural and important part of Svenska Spel's branding process.

Gaming pleasure

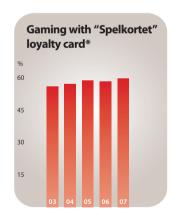
The Svenska Spel logo, which had a makeover in the 2007 anniversary year, symbolises a celebrating winner with outstretched arms. It conveys the pleasure, excitement and anticipation felt by many when they buy their Triss tickets, log in to svenskaspel.se or sit down at a Vegas VLT. And naturally the pleasure associated with winning.

Regardless of whether it is a matter of a few kronor on a poker deal on svenskaspel.se or the biggest winning of the year, SEK 101,798,290 for the Dream Winning on Lotto with Joker; winning is always fun.

Even if the need for responsibility is the basis of the regulated gaming market and of Svenska Spel's assignment, it is important not to forget the pleasure, entertainment and fellowship that gaming provides for many people.

Gaming pleasure is mainly provided through our different

The Svenska Spel winner logo is now a highly visible, integrated component of all product logos.



*Games turned in with the "Spelkortet" loyalty card, percentage of all games other than lotteries in retail outlets.

Loyalty card increasingly important

The 1,080,000 players that use the "Spelkortet" loyalty card when they submit their games can be sure they won't miss any possible winnings. The card meant that more than SEK 55 million could be paid out in 2007 to winners which might otherwise have missed out. The card also provides players with personal offers and other benefits. "Spelkortet" and its associated account is personal. The card is free, and can be applied for at retailers, on svenskaspel.se or in BingoLive halls. To qualify you must be older than 18 and registered as a resident in Sweden.

The card is compulsory on svenskaspel.se and for mobile phone games. The gaming account gives players a good overview of their gaming and also enables them to set up a personal budget and activate the "Spelkoll" control tool. The loyalty card also helps Svenska Spel prevent minors from playing on the internet gaming site.

In future, the card will become a corporate customer card which offers services and added value, and which reinforces the responsible gaming concept in all business areas.



Strong products, strong brands

The Svenska Spel winner symbol was incorporated into all product logos in 2007, thus associating the Company and its products as part of a broad range of games.

ntegrating the corporate brand into product logos has also significantly strengthened the connection between the corporate brand and the product brands during the year. Many of Svenska Spel's products have strong brands in their own right, and some developed extremely well in 2007. Older games such as Oddset and Keno set records for net gaming revenue, while newer gaming forms such as poker on svenskaspel.se and games at Casino Cosmopol showing the greatest growth.

Products

New: BingoLive and Association lotteries

A number of new games were launched in 2007. BingoLive was introduced in four bingo halls in the Stockholm area in autumn, to support local clubs. Special sports-related Association lotteries started to be sold through local sports clubs. Topptipset was

> launched in October and received well by players.

Did you know

Over 80 percent of the adult population knows how to play on Lotto and Stryktipset. As many as 96% know how Triss works

Source: Svenska Spel's brand survey, 2007.

Ended games

Some games were removed from the range: the number game Limbo came and went early in the year. The game was stopped when it was apparent that company gaming was in contravention of the regulations. The temporary lotteries Texas Hold'em, Rese-Triss and Tia Mini were also closed.

Product groups

Sports betting

Total net revenue from sports betting was SEK 1,450 million (1,419). Net gaming revenue from Oddset was SEK 716 million (688). A greater offering on Lången, million guarantee on Bomben, investment in svenskaspel.se with gaming objects from nearly all football leagues and a successful launch of live retail gaming all contributed to the year's increase.

New for bettors in 2007 was the introduction of an SEK 5 million guarantee on a single winner with 13 correct on Stryktipset. In addition, Topptipset was launched where 8 correct are enough for a win.

Number games

Number games are the largest product group with net gaming revenue of SEK 2.671 million (2.497). Keno reached SEK 590 million (587) in sales. The biggest number game, Lotto, finished the year at SEK 1,393 million (1,292), and like Joker has grown in line with increasing awareness of the Dream Winning.

Bingo is one of the most popular gaming forms on svenskaspel.se and generated net revenue of SEK 173 million (140), an increase of 23%. There is however strong competition from internet-based, foreign gaming companies which do not follow Swedish payback regulations.

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

	Net gami	ng revenue						
SEK million	2007	2006	Retail Outlet	Restaurant	Association	Internet & Mobile	Casino	Bingo Halls
Sports betting								
Oddset	716	688	•			•		
Stryktipset ¹	441	439	•			•		
Europatipset ¹	147	147	•			•		
Måltipset	134	145	•			•		
Topptipset	12	_	•			•		
Number games								
Lotto	1,393	1,292	•			•		
Keno	590	587	•			•		
Joker	437	415	•			•		
Viking Lotto	49	52	•					
Internet bingo and Pick'n'Click	183	151				•		
Limbo	15	_	•			•		
BingoLive	4	_						•
Lotteries								
Triss	1,672	1,609	•		•	•		
Tia	144	165	•			•		
Skrap-Spel	131	119	•			•		
Penninglotten	13	19	•					
Other lotteries	48	47	•		•			
VLTs								
Vegas	1,932	1,822		•				•
Casino games	1,153	1,002					•	
Poker								
Internet poker	385	206				•		
Live poker ²								

^{1.} Including Dubbelvinsten





























^{2.} Reported under Casino games



Svenska Spel has 16 odds-setters, including Putte Ramberg, Ola Carlsson, Staffan Rehnström, Stefan Edberg, Mathias Persson and Mikael Stålblom. Kjell Granqvist can be glimpsed at the back.

Svenska Spel professions: Odds-setters

Odds-setting is essentially a matter of craftsmanship. A number of parameters and a huge amount of information have to be translated into figures that reflect how we odds-setters see the likelihood of a great many different outcomes occurring.

The more the competition the smaller the margins that odds-setters have to work with the same applies to us at Svenska Spel too, even if all our customers haven't yet realised that we offer far better odds today than we did a couple of years ago.

What we have in common with the internet operators is that we naturally try to create the best possible result; but we go about it in a very different manner however.

Our philosophy is that we aim to stand by our analysis as far as possible. We stick by our odds as long as the assumptions haven't changed so much between the time they were set and the start of the match that we're offering over the odds, even if all stakes land on the same side.

Of course there will always be exceptions, but the basic idea is that all our players - small players and pros alike - should manage to get in their stakes at our valued odds. We only

adjust odds rarely as we believe the result will be better in the long-run if our customers feel secure in the odds we first provide.

Johan Elevant, odds-setter



Lotteries

Lotteries brought in SEK 2,008 million in net gaming revenue in 2007 (1,959). At SEK 1,672 million (1,609), Triss consolidates its position as Sweden's most popular lottery. The highlight of the year was the increase in Månadsklöver winnings of up to SEK 50,000 per month for 25 years. Triss also forms the basis of the new Association lotteries.

The new Diamantfeber and variations of Tia and Skrap-Spel were launched during the year. Through the new Subscription business area, it is now possible to subscribe to Triss tickets.

VLTs

Jack Vegas and Miss Vegas in restaurants and bingo halls were given a simpler name during the year – Vegas, the name often used by players prior to the name change. As VLTs are amongst the higher risk games from a gaming dependency perspective, Svenska Spel has a monopoly on them. Vegas meets considerable competition from illegal VLTs nonetheless.

Net gaming revenue of SEK 1,932 million (1,822) ranks Vegas high on the list of gaming forms in Sweden.

Casino games

Even the casino operations – Casino Cosmopol in Stockholm, Gothenburg, Malmö and Sundsvall – are the preserve of Svenska Spel. VLTs at Casino Cosmopol, known as slots, bring in more than the roulette, cards and dice tables. In 2007, Casino Cosmopol increased net gaming revenue by 15% to SEK 1,153 million (1,002).

Poker

Svenska Spel's internet poker, with integrated tools and globally unique services to give players an overview of their stakes, quickly became the market's biggest site when



Did you know

The proportion of the adult population that plays or could consider playing one of Svenska Spel's products has increased during the past 24 months from 82 to 90%.

Source: Svenska Spel's brand survey, 2007

launched in 2006 and continued to take market share in 2007. Poker on svenskaspel.se had market share of 36% at year-end in Sweden, and net gaming revenue (rake) of SEK 385 million (206). Poker can also be played live at Casino Cosmopol.

BingoLive

In autumn 2007, Svenska Spel launched its BingoLive concept in four bingo halls in the Stockholm region, and net gaming revenue by year-end was SEK 4 million.

Retail Division

Gaming via retailers stronger in 2007

Despite strong ongoing competition from internet, Svenska Spel's retail and restaurant gaming increased in 2007. The Association business area created an organisation which has good assumptions for developing a long-term cooperation with Sweden's sports associations.

he network of retailers and business partners that distribute and sell Svenska Spel games is made up of: 6,385 retail outlets - supermarkets, warehouses, betting agencies, petrol stations, etc. - which have agreements with Svenska Spel to sell our games and/or lotteries. 2,249 restaurants, pubs and bingo halls with Vegas VLTs. 1,524 voluntary associations have started selling speciallydeveloped club lotteries on commission in 2007.

Retail Outlet business area

The great majority of Svenska Spel's sales are made in store. The strength of retail outlets is the personal service, knowledge, the social environment and a strong Swedish tradition of betting agents. Despite internet and casinos showing the strongest growth, and representing competition to the retailers, the stores are maintaining their position as the number one gaming location for the Swedish people. Retail sales showed a 1.6% increase in 2007 notwithstanding the competition.

Tighter controls and regulations

Most gaming customers meet Svenska Spel in the retail outlets. Effective age limit control in the retail environment is thus a requirement that Svenska Spel must satisfy to the extent possible. It has therefore introduced a number of measures to tighten age checks in store, including making retailer control easier.

The situation at retailers is often stressful; many different goods and services – some with age limits, some without - are sold to many different customers with a variety of errands and needs. This clearly makes efficient age control difficult.

The notification of an 18-year age limit would be introduced on all Svenska Spel gaming products other than lotteries from 1 February 2007 was thus welcomed by retailers. The more consistent age limit is seen to be easier for retailers to handle (Oddset was previously the only retail game with an 18-year

The exception made for lotteries is due to club lotteries not having an 18-year limit. Were an age limit to be introduced on lotteries, it would have to be across the board so retailers would not have to handle lotteries with different conditions. An 18-year limit on lotteries would also have a heavy impact on association's financing, as it would no longer be possible to allow younger club members to sell lotteries on behalf of the association.

The rules related to identification control were tightened in June 2007. In its agreements with retailers, Svenska Spel requires them to check identification of all players considered to be 25 or younger. The requirement has been monitored by test buyers working on behalf of Svenska Spel, and stricter sanctions introduced with a loss of retail rights the ultimate consequence.





In a number of advertising campaigns Svenska Spel has also encouraged people under 25 to show their ID card when gaming. The process of age limit assurance in store is developing positively and will continue in 2008.

Education in gaming responsibility and knowledge

Through its Gaming School, Svenska Spel educates retailers in gaming responsibility, gaming knowledge and the sale of games. A special customised responsible gaming education is also available on internet. Thousands of retailers have gone through the training and become certified in responsible gaming. The training programmes are constantly being improved and are a key part of the development of the retail business.

Marketing and product development

The relationship between Svenska Spel and retailers is highly valued. Svenska Spel is an extremely important partner for many retailers and Svenska Spel in turn is dependent on a knowledgeable, motivated and responsible body of retailers.

That Svenska Spel is successful in its marketing and product development is naturally of major significance for both parties.

The retail launch of Oddset Live in autumn was very successful, as was the extension of the number of gaming objects on Oddset Lången. Similarly, the new Topptipset was a success in store as well as on svenskaspel.se. The increase in top winnings on Triss Månadsklöver was appreciated by lottery buyers, as was JätteTriss with SEK 10 million to be scraped directly. Limbo and a number of temporary lotteries were removed from the range. Certain selected retailers have been equipped during the year with digital information from Svenska Spel. The digital information will continue to be introduced at additional retail outlets in future

The business area is also responsible for marketing the games. Games with little association to problem gaming, such as Triss and Lotto, are primarily those marketed. Games with greater risk are not marketed at all, or to a very limited extent. This naturally applies to all business areas. Read more about Svenska Spel's ethical marketing in the CSR Report on page 45.

Differentiated commission for Oddset

Svenska Spel's commission structure has not been suited to games on singles and doubles on Oddset, which have a completely different profitability level to other products. Therefore Svenska Spel decided in conjunction with trade organisation Svensk Servicehandel & Fast Food and the Swedish Food Retail Association, SSLF AB, to introduce differentiated retailer commissions on Oddset. Retailers were meanwhile compensated with half the amount paid by customers when submitting Stryktipset, Måltipset and Lotto on Saturdays.

More retailers and retail categories

During the year, Svenska Spel started expanding the number of locations lotteries are sold. New retail categories have also been added, such as the warehouse chain Överskottsbolaget. In conjunction with Reitan Servicehandel Sverige AB, which operates the Pressbyrån and 7-Eleven chains in Sweden, a development process has been started to introduce games at the checkout. Improving game distribution and making it more efficient are also among the highest priority measures for the business unit in future.

Restaurant business area

Svenska Spel's Vegas VLTs are only located in licensed restaurants and in bingo halls – environments where people under 18 are not normally present. Each VLT has a number of different gaming forms. There were previously two Vegas variations: Jack Vegas in restaurants and Miss Vegas in bingo halls, but all VLTs are now simply called Vegas, and have a new logo.

Competition from illegal VLTs

Svenska Spel has a monopoly on VLTs – the Vegas VLTs is the only type of VLT game allowed in Sweden other than those in Svenska Spel casinos. Vegas should, in other words, not face any competition. This is not the case however: Vegas meets a broad, and in many ways difficult, competition from a large number of illegal VLTs which are located throughout the country.

When business unit personnel come across illegal VLTs in sites where Vegas is located, they are obliged to notify the National Gaming Board. Vegas VLTs are not permitted in environments where illegal games are found, which means that Svenska Spel removes its VLTs if the restaurateur chooses to keep the illegal VLTs. Naturally it makes sense that Vegas is not be located in places where there is illegal gaming, but it is however a problem that illegal gaming can sometimes continue "undisturbed" while Svenska Spel must remove its VLTs.

No marketing, compulsory age control introduced

Vegas belongs to the category of games which gaming researchers consider problematic from a gaming problem perspective. Vegas is therefore subject to extremely strict rules and requirements for responsible gaming measures and control.

Vegas is not marketed, but information is provided on the VLT as well as in a brochure alongside the unit. A new interactive education in responsible gaming was launched in January 2007 for all partners of the business area.

Svenska Spel contracts external suppliers to check that restaurateurs with Vegas on their premises are upholding age control requirements.

To further tighten age controls, Svenska Spel is about to become the first company in the world to introduce compulsory age controls on VLTs. This means that before the game can start the player must confirm his age by entering the first six digits of his identification number in the VLT. The compulsory age control will be introduced systematically. The identification number will also be included on the winnings receipt and identification requested on payout to ensure the player is not underage.

During the year, sanctions have also been sharpened on business partners that have not maintained the age limit. In addition to the previous sanction system for underage gaming

Did you know

Games are primarily sold in five ways today:

- · Through retail outlets and business partners such as shops and restaurants (Svenska Spel, ATG, Folkspel and other NGO lotteries).
- · Through gaming companies' own channels, such as Casino Cosmopol, bingo halls and trotting tracks.
- · Through active members in an association, for example Bingolotto and Svenska Spel's associa-
- · Through subscriptions, for example Triss, Bingolotto and Postkodlotteriet.
- · On internet and via mobile phone.

Facts, Retail Division

Retail Outlet business area

	Net gar	ning revenue	C	hange
SEK million	2007	2006	SEK m	%
Stryktipset	357	371	-14	-3.6
Europatipset	116	122	-6	-5.2
Dubbelvinsten	14	12	2	11.7
Topptipset	9	0	9	_
Måltipset	120	134	-14	-10.0
Oddset	598	591	7	1.1
Lotto	1,222	1,166	56	4.8
Viking Lotto	49	52	-3	-4.9
Joker	380	371	9	2.3
Keno	563	555	8	1.4
Limbo	13	0	13	_
Penninglotten	13	19	-6	-28.4
Triss	1,572	1,534	38	2.5
Skrap-Spel	111	104	7	6.3
Tia	124	146	-22	-15.1
Other lotteries	46	46	0	0
Net gaming revenue, total	5,307	5,223	84	1.6
Gross gaming revenue, total	10,984	10,689	295	2.8

Association business area

	Net gam	ing revenue	Change	
SEK million	2007	2006	SEK m	%
Triss	20	4	16	366
Christmas products	1	1	1	124
Net gaming revenue, total	21	5	17	334
Gross gaming revenue, total	38	9	29	336

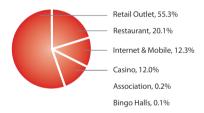
Retail outlets and business partners

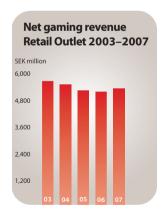
Retail outlets, number	2007	2006
Gaming retailers	2,865	2,992
Lottery retailers	3,520	3,393
Total	6,385	6,385
Number	2007	2006
Number Restaurants	2007 2,155	2006 2,190
Restaurants	2,155	2,190

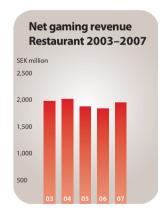
Restaurant business area

	Net gam	ing revenue	Change		
SEK million	2007	2006	SEK m	%	
Vegas in restaurants	1,682	1,595	86	5.4	
Vegas in bingo halls	246	227	20	8.7	
Net gaming revenue, total	1,928	1,822	106	5.8	
Gross gaming revenue, total	7,082	6,811	271	4.0	

Net gaming revenue by business area 2007







Net gaming revenue 2007, Retail Division



with warning followed by suspension, Svenska Spel can also suspend a business partner temporarily if it does not honour its commitment to keep an eye on gaming guests.

Vegas increased in 2007

Gaming on Vegas declined in 2005 and 2006, due to the general smoking ban in public premises as well as to many VLTs being moved to create better, less intensive, gaming environments. It has recovered however and increased by almost 6% in 2007.

Despite Vegas being one of the riskier games on the market from the perspective of gaming problems, it is important to remember that control and responsibility measures make it a far safer and more responsible alternative than the many illegal VLTs. By providing an attractive alternative to illegal gaming forms, Vegas contributes to reducing the risk of increased gaming dependency. Most Vegas players have no problem with their gaming, and consider VLTs to be an enjoyable way of passing time.

The stakes on Vegas are SEK 1 to 5 and the highest winning is SEK 500. Vegas players appreciate variation and therefore the various gaming forms – Keno, card games, football games, traditional wheel games etc - are continuously updated with new versions. The centralised new system will make it easier to change the range in VLTs.

Association business area

During the past year, Svenska Spel has started working with voluntary associations that sell the specially developed Förenings-Triss lottery (club lottery). Associations order their lotteries from Svenska Spel via svenskaspel.se.

The tickets consist of a normal Triss section and an extra club section with various sports themes, where it is possible to scrape up to SEK 1 million in winnings. The lottery price is SEK 40, of which the club receives SEK 12 per ticket sold.

The Association business area was formed in spring 2006 and has during the past year largely focused on establishing its future organisation, with administrative and technical personnel and a sales force. In 2008 the business area will develop more association-based lotteries and firmly establish its range amongst voluntary associations throughout Sweden.

Significant events in 2007

- · Successful age control campaign in restaurants and bingo halls.
- · Tightened age control in retail outlets and restaurants with identification requirements.
- Stricter control that retail outlets and restaurants do not have illegal VLTs.
- Restaurants and bingo halls certified in responsible
- Retailer education in responsible gaming has high priority.
- Digital information launched at selected retailers.
- · Differentiated commission for Oddset.
- · Launch of Oddset Live at retailers.
- More gaming objects introduced on Oddset Lången.
- Special FöreningsTriss (association lotteries) with sporting theme launched.
- · Cooperation with Reitan Servicehandel Sverige AB (Pressbyrån, 7-Eleven) for checkout-based Lotto games.

Priorities for 2008

- · Increase knowledge about responsible gaming amongst all retailers.
- · Continue checking that retailers and business partners do not contribute to illegal gaming and that they check age limits.
- · Launch Lotto games at cash registers in retail chains.
- · Continue development of existing gaming forms.
- · Improve digital information at further retailers.
- · Internet at retailers.
- · Gain as much benefit as possible on sports games from the European Football Championship and summer
- · Establish the Association business area.
- Create a new retailer category for quick games.
- · New central system for the Restaurant business area.

Direct Division

Internet poker and casino increase most

The Direct Division had a successful year in 2007 with internet gaming on syenskaspel.se and Casino Cosmopol the strongest growth areas in the Company.

nternet sales and distribution channels that are part of the Direct Division – i.e. games on internet, at casinos, via subscription and in bingo halls - had a good year in 2007. Net gaming revenues increased to SEK 2,342 million (1,855) and thus represent 24% of Svenska Spel's total net gaming revenue of SEK 9,598 million (8,905).

Internet & Mobile business area

Svenska Spel's internet ambition is to direct as much as possible of Swedish gaming to the safer and more secure, controlled environment provided on svenskaspel.se. This is done by combining an attractive range of games with effective gaming responsibility. Our preventative approach to responsible gaming focuses on providing information to players along with a range of responsible gaming tools to help them maintain control over their gaming. In 2007 our range of responsible gaming tools was reinforced with the new service "Spelkoll" which is based on artificial intelligence and can predict individual player's potential gaming problems with a high level of probability.

Our combination of a broad, attractive range and responsible gaming has proven attractive to players. Svenska Spel's internet market share increased as a result, reaching 35% by the end of the year. Net gaming revenue increased by 38% to SEK 1,181 million (853) during the year.

Award-winning site

In October, Svenska Spel's internet gaming was awarded at the prestigious "eGaming Review Industry Awards" gala in London. Sweden's largest gaming site won in the class "Socially Responsible Operator of the Year". The gala was arranged by the prestigious trade magazine eGaming Review.

Poker most popular on internet

All product categories on svenskaspel.se – sports betting, number games, lotteries and poker – increased in 2007. The greatest growth was on the poker site, which started in March 2006.

Svenska Spel's poker programme has attracted a great deal of international interest. The poker room on svenskaspel.se is today one of the world's biggest, in terms of the number of players as well as revenue. Svenska Spel is also the first gaming operator in the world licensed to operate poker on behalf of the state. Most other countries that have or are in the process of licensing internet poker are using the svenskaspel.se model as a base. The Austrian gaming company Österreichische Lotterien is the first to start after Sweden. Svenska Spel is assisting Österreichische Lotterien with expertise and responsible gaming solutions related to poker.

The Swedish Government has started a special inquiry to evaluate the extent to which Svenska Spel meets the terms of its poker license. The inquiry includes such aspects as whether there is any occurrence of underage gaming, social and healthrelated consequences and gaming dependency. The inquiry, which is to be completed in spring 2008, will also evaluate the extent to which Svenska Spel has succeeded in channelling poker gaming from other sites to svenskaspel.se.



Facts, Direct Division

Internet & Mobile business area

SEK million	Net gaming revenue		Change	
	2007	2006	SEK m	%
Stryktipset	71	56	15	27.2
Europatipset	26	22	4	20.1
Dubbelvinsten	4	4	0	22.4
Topptipset	3	0	3	_
Måltipset	13	12	1	14.5
Oddset	118	96	22	22.4
Lotto	170	126	44	35.1
Joker	58	44	14	31.4
Keno	28	32	-4	-14.1
Bingo and Pick'n'Click	183	151	32	20.8
Limbo	1	0	1	_
Triss	80	70	10	14.3
Skrap-Spel	21	15	6	34.2
Tia	20	19	1	4.9
Poker	385	206	179	86.6
Net gaming revenue, total	1,181	853	327	38.3
Gross gaming revenue, total	2,218	1,560	658	42.1

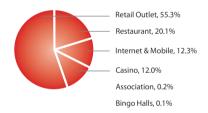
Bingo Halls business area

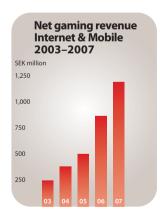
	Net gaming revenue		
SEK million	2007	2006	
BingoLive	4	0	
Vegas	4	0	
Net gaming revenue, total	8	0	
Gross gaming revenue, total	24	0	
Number of BingoLive halls	4	_	
Number of Vegas in BingoLive halls	15	_	

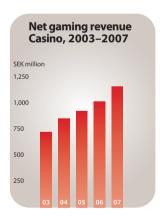
Casino business area

SEK million	Net gaming revenue		Change	
	2007	2006	SEK m	%
Sundsvall	94	77	17	22.7
Malmö	251	214	37	17.6
Gothenburg	328	276	52	18.7
Stockholm	480	435	45	10.3
Net gaming revenue, total	1,153	1,002	151	15.1

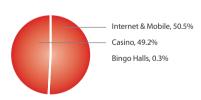
Net gaming revenue by business area 2007







Net gaming revenue 2007, **Direct Division**



Webshop developed

In order to maintain or increase market share in coming years, we are further developing our products and services on svenskaspel.se with the intention of improving the gaming experience for customers. This involves development of our webshop to make it more dynamic around the clock, as well as improving all gaming-related services to enrich customer experience.

We are continuously improving the design and appearance of svenskaspel.se to reflect the more modern content and make it more personal.

Gaming via mobile improved

The connection between svenskaspel.se and our mobile service has been made clearer. The ambition is that players will be able to use common services between internet and mobile functions, including gaming tableau, message function and a range of other services. Each week some 2,200 different players use their mobile phone for gaming with Svenska Spel.

Casino business area

The casinos in Stockholm, Gothenburg, Malmö and Sundsvall are attracting an increasing number of guests. In addition to the gaming opportunities, an attractive range of arrangements, well-reputed restaurants and popular poker tournaments have resulted in 1,153,661 visits to the casinos in 2007. This was also reflected in a 15% increase in net gaming revenue for the business area to SEK 1,153 million (1,002).

At the casinos, close attention is paid to customer requests and guest enjoyment is a key criteria for the business area. The high level of ambition at Casino Cosmopol has resulted in an increasingly better result in customer surveys: The satisfied customer index has increased three years in a row, with the figure for 2007 being 67%.

Poker generated record win

Poker is also popular at Casino Cosmopol. Stockholm, Gothenburg and Malmö have been equipped with new poker rooms. The Swedish Open of poker, Poker-SM, Nordic Masters of Poker and the Malmö Open were the highlights of the year for poker players. A valued innovation was the Swedish Poker Academy, a seminar where a large number of poker players and an

interested public were able to take part in lectures and panel debates.

The biggest casino win ever was paid out in May, with the winner receiving SEK 5,868,442 after a royal straight flush in Caribbean stud poker.

Slots most popular

VLTs, popularly called slots, represent close to 60% of Casino Cosmopol's gaming revenue with the remaining 40% coming from table games. Investments in development of the VLTs are planned, the most significant being is the introduction of a receipt-based system to enable guests to simply and safely take out and handle their winnings. This system is in operation in most of the world's casinos, resulting in satisfied customers and productivity gains.

Better information

The casinos are also introducing a multimedia system where information on the casino's activities and winnings are displayed on TV screens. This improves the casino experience, making it more fun while also providing guests with better information about what the casino has to offer.

Company gaming on svenskaspel.se

In November 2007 a new service was launched on svenskaspel.se, where up to 20 players can play together on Stryktipset, Måltipset, Europatipset, Topptipset, Bomben, Lotto or Keno in company form.

On the subject of company gaming in general, we

- The typical company player is a man aged 30-49.
- Every third Swede has at some time taken part in company gaming.
- Some 600,000 Swedes play company games each week.
- 9 of 10 stake up to SEK 100.
- Men most often play with their colleagues, 47%.

Source: Market survey conducted by Svenska Spel

Bingo Halls business area

In 2005 Svenska Spel started a cooperation with a number of bingo leagues, following contact initiated by representatives of Swedish bingo halls. The purpose of the cooperation was to improve the association's revenue from traditional bingo operations which have for some time seen shrinking visitor numbers, and to lift the level of responsible gaming in the bingo halls.

The license sought by Svenska Spel was delayed due to the election however, as well as to the fact that the new Government decided to hold an inquiry into regulation of the Swedish gaming market and did not want any changes in market assumptions during the period of the inquiry. The launch was therefore later than planned, with bingo licences issued by the Stockholm County Administrative Board as a base.

The first BingoLive premises run by Svenska Spel were finally able to open on 12 September 2007 at Stationsgatan in Sundbyberg, under the "Bingo of the future" banner. BingoLive also

started in Skärholmen and at two other locations in Stockholm during the autumn. A BingoLive hall also opened in Jönköping in January 2008.

Bingo players can either play on terminals or traditional bingo cards in the renovated premises. The café, CaféLive, serves hot and cold beverages along with a simple lunch menu and pastries. The concept provides guests with a pleasant experience and a high degree of responsible gaming (including trained personnel and age limits). The programme is intended to provide long-term revenue for associations.

In 2008 we plan to continue the establishment of BingoLive.

Subscription business area

Subscription is the newest business area in the Direct Division. The business started in autumn 2007 and is currently in a startup phase. The objective is to make it possible for Svenska Spel's customers to subscribe to their favourite games. They will initially have lottery tickets sent home, but in due course additional products will be offered.

Significant events in 2007

- "Spelkoll" launched and gained 18,833 users in six months.
- · Additional measures for responsible gaming on internet poker.
- Svenska Spel achieves 35% market share for internet gaming in Sweden.
- Casino Cosmopol grows by 15%. More people than ever have visited the casinos.
- · BingoLive: Svenska Spel opens its first four bingo halls.
- · Service to lottery buyers is extended with a subscription option.
- International trade magazine eGaming Review awards Svenska Spel as "Socially Responsible Operator of the Year" on internet.
- · The Austrian gaming organisation, Österreichische Lotterien, plans to use Svenska Spel's responsible gaming programme for internet poker.

Priorities for 2008

- · Continue development of responsible gaming throughout the business.
- · Develop a richer content on svenskaspel.se.
- · Launch a receipt-based payment system for VLTs at casinos.
- · Invest in new VLTs at casinos.
- · Establish BingoLive in additional bingo halls.
- · Create more international cooperation related to Svenska Spel's responsible gaming solutions.
- Establish the lottery subscription service.

Corporate Social Responsibility Report 2007

TABLE OF CONTENTS

This CSR Report is part of the Annual Report, but is also available as a reprint and can be ordered from Svenska Spel, Communication & Society. Further information is published on a regular basis on svenskaspel.se. For additional questions, please contact Ann-Sofie Olsson, head of CSR/ Public Affairs.

The report covers the 2007 calendar year and includes the Parent Company and subsidiaries. The last report was published in April 2007. No changes have been made that affect comparability from previous reports. The report is a description of actions implemented in 2007 without specific limitations.

Responsibility before profit

Svenska Spel's operations have an impact on everyone due to the entire profit being used for the benefit of Swedish society. Major beneficiaries are organisations for children and youth. A basic assumption for being able to run our business successfully is that we have a role to play in contributing to the sustainable development of society.

or Svenska Spel it is important both to be, and to be perceived as being, a farsighted and responsible company. Our goal is to be a world-leader in responsible gaming and our vision is to create a base for a healthy gaming environment; gaming should be fun and we encourage our players to play in moderation.

But Svenska Spel should not tell people what moderate entails for them as individuals. Rather, it is a matter of integrity that varies from person to person and is something that players can only decide for themselves. The key thing is that gaming does not become something that is a source of problems rather than of pleasure. Svenska Spel therefore provides tools to help customers keep an eye on their gaming - in other words providing a platform for healthy gaming.

Our CSR process includes continuous improvement of security for customers, preventative measures to minimise unhealthy gaming, improved environmental processes, preventative working environment measures and a strongly ethical attitude to our customers, employees, suppliers, partners and beneficiaries. We shall also generate a good financial return for our owners. Svenska Spel is to protect its position and continue to be a reliable, responsible and efficient gaming company that creates profit for the State, which in turn allocates financial support to the sporting movement and activities for children and youth.

The Chairman of Svenska Spel is responsible for gaming issues on behalf of the Board. The CEO has overall responsibility for responsible gaming policy. An action programme has been developed based on the policy and the implementation process has been successful. Today it is well integrated in all business areas, and they in turn carry operative responsibility. As a result, responsible gaming permeates all aspects of the business from game development through to marketing. The Communication & Society staff function is responsible for monitoring and control. The process of adapting the action programme to the new EL Code (the code created by the European Lotteries

January

Compulsory new training for restaurateurs.

March

Responsibility message introduced in all gaming advertising. "Spela lagom!" to be included in all commercial advertising.

Launch of information site spelalagom.se - Svenska Spel signs the code created by the European Lotteries and Toto Association for how gaming companies are to work with responsible gaming.

Svenska Spel's CSR efforts 2007

18-year age limit introduced on all retail games other than lotteries.

AGM in Visby, profit to sport, NGOs and the State. Profit improvement compared to the previous year was 5.2% (SEK 238 million).

and Toto Association for how gaming companies are to work with responsible gaming) has commenced.

By working with the key aspects of corporate social responsibility: responsible gaming, employees, security for our players, and work towards a sustainable environment, Svenska Spel wants to strengthen confidence in the Company and develop closer relationships with the market.

CSR aspects are clearly expressed through the regulations and our assignment as a State company, but also represent the expectations of our key stakeholders. Read more about our stakeholder dialogue on page 38.

Responsibility supports our business objectives

Taking responsibility is an ethical and moral issue that contributes to long-term survival. Increasingly many of today's consumers are conscious of how responsible companies are and make their choices accordingly. Our primary responsibility to customers is always striving to offer games they want, with a level of security and gaming responsibility that will continue to help us maintain our position as a global forerunner.

We are issuing a CSR report for the fourth year in a row (the last was in spring 2007) and will in the future report annually with external auditing. We are now able to demonstrate the support our efforts give our business objectives. CSR is part of our business; it is a strong competitive opportunity in relation to foreign gaming companies which are neither encompassed by Swedish gaming legislation nor under the control of Swedish authorities.



June

Launch of the world-unique service "Spelkoll" - a voluntary tool built on artificial intelligence which helps the customer to keep his spending at a healthy level.

World Environment Day observed and organic meals served.

August

Decision on compulsory age verification on VLTs. Parallel tightening of controls and sanctions against retailers and restaurateurs that do not uphold the age limit.

International seminar arranged during Almedalen Week for politicians in Visby.

To continuously develop our gaming responsibility and cement our world leadership in this area is the base of all our activities

High standards part of the assignment

The Swedish Government owns 100% of Svenska Spel. The reason for state-ownership is that gaming is considered socially-sensitive and that regulation and legislation are not deemed adequate in this area. In other words, Svenska Spel's reason for existence is based on more than just shareholder value and profit.

Our assignment from the State includes high expectations for responsible gaming and specifies that social protection

European standard for responsible gaming

As a member of EL (the European Lotteries and Toto Association), Svenska Spel has signed its code for how gaming companies are to work with responsible gaming. The code will be implemented throughout the business in 2008. This means that Svenska Spel and other gaming companies that have signed the code will follow EL standards in the following areas:

- 1. Research
- 2. Employee education
- 3. Retailer education
- 4. Product development
- 5. Digital channels (e.g. internet and mobile phone)
- 6. Marketing
- 7. Information and support measures
- 8. Player education
- 9. Stakeholder dialogue
- 10. Report, monitoring and certification

aspects are to be prioritised when gaming forms are developed and throughout the business as a whole. Our marketing is also required to have a responsible focus, which also involves a social commitment to not being seen as overly assertive. This means that we combine a commercial message with a message on the risk of gaming and also provide information on where players in the risk zone – or their relatives – can turn for help and support.

Government has overall responsibility

According to the Swedish National Institute of Public Health, around 2% of the Swedish population (some 130,000 people) have a problem with their gaming. Approximately 0.6% of the population (some 40,000 people) are considered to be gaming dependent. The overall responsibility for gaming dependency lies with the Government and Parliament, through the Ministry of Health and Social Affairs. The Swedish National Institute of Public Health receives SEK 28 million from the Government each year until 2010. Svenska Spel's responsibility and responsibility processes are 100% preventative and comprise information, education and tools. Read more on pages 40-46 about Svenska Spel's work with responsible gaming.

Responsibility before profit is a bearing strategy in all commercial activities at Svenska Spel. From a strategic perspective this means that we don't lead the development of new gaming forms that risk an increase in problem gaming, but that we can offer a more credible alternative if another party develops such a gaming form which is expected to have a breakthrough on the gaming market. We refrain from advertising gaming forms that are considered risky.

September

Award received in London for world's best responsible gaming site. Awarded by industry magazine eGaming Review.

Svenska Spel's CSR efforts 2007

September

The Ethics Council for the Gaming Market (SPER) formed by Sweden's regulated gaming companies.

October

WLA certification completed (World Lottery and Toto Association). The certification covers Svenska Spel's security procedures and made Svenska Spel the ninth company in Sweden to be certified in accordance with ISO 27001.

Svenska Spel hosts the first international conference on responsible gaming arranged by IRGO, which was attended by the world's leading gaming researchers.

Sustainable development in several areas

Our contribution to sustainable development in society involves more than gaming and product responsibility. Our profit enables us to deliver a surplus to Swedish sports, culture and youth activities.

From a national economic perspective our operations create many jobs around the country. Our social responsibility also involves providing an attractive workplace with satisfied employees who are able to develop professionally. Through our retail outlets and business partners we employ many

Svenska Spel is working to become a more environmental organisation. Even though it has a limited environmental impact compared to industrial and manufacturing companies, Svenska Spel wants to do as much as it can to contribute to sustainable development in the environmental area, for example by favouring suppliers with an environmental profile. An example of this is that all our printing suppliers have the "Swan" environmental license, and three are also certified in accordance with ISO 14001. In 2008 we will be making a particular environmental effort. Read more about our environmental processes on pages 56-58.

Security issues are also part of our assignment from the State. A comprehensive security review was made in 2007 which resulted in Svenska Spel achieving World Lottery Association (WLA) certification. The assignment also includes channelling gaming from foreign operators back to Sweden. Read more about our security work on page 55.

Key indicators for responsible gaming

Svenska Spel has worked with key indicators for responsible gaming. The indicators are divided into social and economic responsibility for both business partners and employees. Indicators with a marker (•) have been subject to review by Öhrlings PricewaterhouseCoopers.

	2007	2006	2005
Social responsibility			
Support for a regulated market, %1	80	81	81
Player base, %1	74	75	77
Players with problems, %1	1.7	1.5	1.7
Number of voluntarily banned casino guests, No. ²	1,869	1,558	1,513
Interviews with casino guests about their gaming habits, No.	2,840	2,238	2,100
State-run companies take greater responsibility, %¹	69	70	69
Financial responsibility			
Gross revenue from gaming, SEK million	21,499	20,071	19,586
Net revenue from gaming, SEK million	9,598	8,905	8,506
Marketing, SEK/player	66	57	70
Profit, SEK million ³	1,590	1,370	1,151
Business partner responsibility			
Qualified retailer, %	50	41	19
Qualified restaurateur, %	81	_	_
Test visits, No.4	5,091	6,998	5,845
Suspended/terminated due to			
gaming on credit/test visits, No.5	27	4	5
Employee responsibility			
Certified employees, % ⁶	99	91	53
Employees think that responsible gaming is positive, %7	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 awareness and attitude of the adult population to gaming and gaming habits. 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 2007 was 58% (3,460 surveys for processing). The player base represents the proportion of the Swedish population who each year play at Svenska Spel
- 2. Casino visitors who consider they have trouble controlling their gaming are invited to sign an agreement for a voluntary visiting ban or a visiting limit to a maximum of eight times per month at all casinos. The time period for suspension or restricted visits is not less than six months.
- 3. The total represents support that goes to NGO and sports organisations for children and outh (excluding the State's share)
- 4. During the year we have moved from visual controls at restaurants to physical test visits. Administration of the test visits is more time-consuming, but the result provides a better basis for decisions on suspension/termination.
- 5. Includes both restaurateurs and retailers.
- 6. Employees of the Parent Company. (Casino employees are trained in responsible gaming as part of the introduction process.)
- 7. Internal survey on internet.

November

Decision on new, more restrictive guidelines for marketing.

November

Two retail outlets suspended due to incidents of gaming on credit.

December

Christmas present donation made to the Swedish Society for Nature Conservation. The money – a total of SEK 300,000 - goes to the society's project to save the Baltic Sea. This also made Svenska Spel a Gold sponsor of the Swedish Society for Nature Conservation.

November

Letter sent to all retailers to inform them that illegal gaming in store is not accepted if they wish to retain their partnership with Svenska Spel.

December

Interactive new responsible gaming education for Svenska Spel employees.

Dialogue with stakeholders

Svenska Spel's operations affect and employ many groups in society. Key stakeholders are listed below. The principles for identification of stakeholders have been consciously developed through meetings and dialogues since 2005. A stakeholder analysis has been made and will be further developed during the year.

Stakeholders	Needs/expectations	Key interface
Customers	Attractive gaming in an easily accessible, safe and responsible manner. Profits to sports.	Retailers, business partners, Casino Cosmopol, svenskaspel.se, bingo halls, associations, customer support, customer surveys, focus groups, claims handling. Regular visits to major corporate customers such as newspaper publishers and blood donor centres.
Employees	Development, appreciation, opportunity to influence work situation, good working environment.	Employee discussions, annual survey to update satisfied- employee index, internal and external education, assessment centre.
Retailers/business partners	Terms of business, dialogue and education, trust.	Negotiations. Network meetings twice per year with the Hemköp, City Gross, Ica Maxi, Ica Kvantum, Coop Extra, Coop Forum chains and with retailers in the Spel & Servicehandeln network.
Suppliers	Correct, objective and professional procurement, terms of business, trust, dialogue.	Negotiations, regular review meetings, gaming exhibitions, Gaming Academy.
Owner	Responsible and safe sale of games, national retailer network, trust and dialogue, profit requirements.	Ownership policy, board, corporate governance, concessions, regular reporting and dialogue, Annual General Meeting.
Regulators	Serious and knowledgeable operator, meet requirements.	Regular reviews with the National Gaming Board, the gaming industry advisory board (OSS), regular dialogue with the Swedish National Institute of Public Health and local social services organisations.
Interest organisations	Serious and knowledgeable operators, involvement in key issues.	Dialogue with beneficiaries (Swedish Sports Confederation and Swedish National Board for Youth Affairs), National Association of Gaming Dependency, retailer interest organisations and the Swedish Hotel and Restaurant Employers' Association (SHR), The Swedish Bingo Arrangers' Central Organisation (Svebico), the gaming industry advisory board (OSS), CSR Sweden.
Competitors	Act according to mutually-agreed guidelines in ethical matters.	The Ethics Council for the Gaming Market (SPER), Gaming Academy.
Local community	Good service, employment at retailers, dialogue with local gaming dependency associations (local activity support, profit via national association).	Meeting with local councils and local stakeholder organisations, involvement in the "Gotland – island of sports" project which aims to promote sport and tourism on Gotland (run by the Gotland Sports Association and SISU). Regular contact with representatives.

Example of dialogues in 2007

Example of dialogues in 2007		
Events for "Spelkort" customers as part of a special offer which gives loyalty card holders the chance to win tickets to sporting events. New responsible gaming tools	("Spelkoll"), a new site with information on responsible gaming: spelalagom.se. Participated in market survey day (corporate customers).	Customers
Svenska Spel Academy pulls together the Company's internal education and based on the organisation's requirements has the task of developing and organising	training programmes and new manager training in conjunction with Gotland University.	Employees
Retailer gala at the Globe for the biggest retailers. Gaming gala for restaurateurs and award to the responsible gaming retailer of the year. District	managers meet business partners and retailers through regular visits. Other retailers receive regular telephone calls from salespeople. Reference groups.	Retailers/business partners
Monthly meeting with Posten to discuss production matters, development and profitability improvement measures. Meeting with lottery printer in Canada four times annually to discuss paper types and colour	selection based on Svenska Spel's environmental requirements for printing. Negotiations, regular reviews, participation in gaming exhibitions.	Suppliers
Svenska Spel's annual meeting in Visby is open to the general public, quarterly meetings.		Owner
Participated in national health assembly in Stockholm, four meetings with the gaming industry advisory board (OSS).		Regulators
Participated in twelve meetings and had regular telephone contact with gaming dependency associations throughout Sweden. The purpose is to gain an insight into how people working with problem gamers/people dependent on gaming experience our work and what expectations they have of us. In Sundsvall and other locations with no active association a dialogue has been held with the police and social services. Malmö has an	effective network with representatives from the casino, police, social services, gaming dependency association etc. Personnel have also participated in a number of seminars arranged by stakeholder organisations and also arranged own seminars to which the chairman of the National Association of Gaming Dependency was invited. Participated in the Swedish Sports Federation meeting in Örebro.	Interest organisations
Formalisation of the gaming council which resulted in SPER, updated joint responsible gaming education for retailers in conjunction with ATG.		Competitors
Focus groups, gaming survey.		Local community

Responsible gaming based on research

Responsible gaming is the key area of responsibility for Svenska Spel. The characteristics of problem gamers is over-consumption in terms of time and money with negative consequences on their economy, work and relationships.

ack of control over their gaming can be a major problem for players and one which often also affects relatives. The characteristics of problem gamers is over-consumption in terms of time and money with negative consequences on their economy, work and relationships as a result.

It should be highlighted that it is not Svenska Spel's responsibility to arrange or finance care of gaming dependency. This is handled by other operators, primarily from the National Institute of Public Health, the National Association of Gaming Dependency and the local social service agencies.

Increased knowledge

Svenska Spel's role is to work with preventative measures, information and education. We call it responsible gaming. All responsible gaming in Svenska Spel is based on our knowledge of player behaviour and our product features.

Greater knowledge provides a better base for effective gaming responsibility, which is why we support gaming research and promote further research into gaming.

Research shows that responsible gaming works best when put in the hands of players. Our work is based on a number of fundamental principles supported by the available research on responsible gaming.

Players are to be given the opportunity to make informed decisions themselves and thus have control over their gaming. The tool for playing in moderation, "spela lagom", are made available by Svenska Spel.

Age limits for gaming must be adhered to and gaming on credit is not permitted.

Reliable alternative to illegal operations

Svenska Spel's role on the gaming market is represented in its directive from the owner and its operating license. Svenska Spel's assignment is to observe consumer interest in having a reliable alternative to illegal gaming operations. The Company's most important task is thus to channel the existing interest in gaming in a safe and responsible manner.

This means that the Company has to continuously develop its range, distribution, marketing and sales. Svenska Spel is not however to offer games that can be considered too high risk from a responsible gaming perspective. In cases where a substantial market has developed for a sensitive gaming product, Svenska Spel is to offer a less dangerous alternative with appropriate limitations. This is to provide players with the opportunity to play these games under responsible forms. Svenska Spel's internet poker is an example of this. Poker gained a rapid acceptance from players due to its clear gaming responsibility. The game has compulsory limitations and budgets as well as built-in pauses.

Svenska Spel bases responsible gaming decisions on research and analysis. If a game is perceived as high-risk an analysis is made, and if players are shown to be moving into the yellow segment, tools are to be provided to protect them or game features changed if necessary. Read about green, yellow and red players on page 42.



Minimise negative social consequences

Svenska Spel faces extremely high expectations from the owner in the form of profit to the State and sports and from the general public in the form of a high level of security, good products and responsible gaming. In 2004 the Svenska Spel board adopted a policy with guidelines for gaming responsibility. The policy means that the Group is to work actively to minimise the negative social consequences that can arise in association with gaming. This is to be highly prioritised in all decisions affecting operations and lead to concrete measures to further promote responsible gaming.

The policy describes how the Company intends to achieve these requirements. On a long-term basis, Svenska Spel's ambition is to be perceived as a world-leader in responsible gaming and through effective responsible gaming programmes differentiate itself from other gaming companies on the Swedish market. Comparisons with other gaming companies are made on a regular basis. In 2006, the World Lottery Association (WLA)

published a set of guidelines/rules for responsible gaming which members are expected to live up to. Svenska Spel measures its achievement of these objectives in an annual review which is sent to all members of the WLA.

Self-imposed marketing restrictions have been introduced for those games considered to be higher risk than others, such as casino games, internet poker and BingoLive. Svenska Spel has for this reason also chosen not to market Vegas.

Voluntary new responsible gaming measures are introduced following detailed analysis.

Proactive efforts at the casinos

Svenska Spel is to design and provide tools to enable players themselves to make decisions on their gaming, such as through registration of a personal gaming budget and the new "Spelkoll" service. Casinos offer opportunities for voluntary suspension and limitation of visits. We work in a proactive manner at the casinos which involves personnel taking contact with players

The majority has healthy gaming habits

Svenska Spel's gaming responsibility relates to providing players with information, knowledge and specific tools to have control of their gaming, in other words: to not go from green to yellow or red. A survey shows that 98% of the population has healthy gaming habits. (Source: www.fhi.se)



The great majority of players have no problem with their gaming. They are considered to be "normal players" (green players). Their gaming is a pleasure; a social activity among other activities. The differences in how much and how often normal players play varies from person to person.



Problem players (yellow players) are players whose gaming affects their lives - and those of the people close to them - in a negative manner. Problem gamers are largely aware that they spend too much time on their gaming but don't really know how they would be able to stop gaming or get their gaming under control.



People with gaming dependency (red players) spend most of their waking hours and their money on gaming. The dependent person and everyone close to them are affected negatively. People with gaming dependency need professional help to come out of their dependency and stop gaming.

Gaming companies task: preventative approach

The Swedish State

The objective for gaming politics is a healthy and secure gaming market where the interests of social protection are upheld by meeting the demand for gaming on a controlled basis. The ambition is to counteract exaggerated gaming which can lead to gaming dependency, and thereby achieve one of the objectives in the public health area. To counteract the risks associated with gaming for money requires regulation of the gaming market.

Prevention

The preventative responsibility is with Sweden's regulated gaming market as a whole.

The mandate includes various preventative measures, information and education.

Treatment

The overall responsibility for gaming dependency lies with the Government and Parliament, through the Ministry of Health and Social Affairs.

Some 2% of the Swedish population has a problem with gaming, with approximately 0.6% having a gaming dependency according to the National Institute of Public Health.

Other Swedish gaming operators

ATG • Folkspel lotteries • Bingo • Restaurant Casinos

Svenska Spel

Svenska Spel is wholly owned by the Swedish State. Its role on the gaming market is expressed through directives from the owner and the licenses held by the Company.

Svenska Spel is to channel the gaming of the Swedish people to a more responsible environment, which counteracts the unregulated and illegal alternatives.

Swedish National Institute of Public Health

The National Institute of Public Health each year receives SEK 28 million (until 2010) from the Government to provide preventative measures as well as treatment in ways such as through the support line, research, information and treatment.

Association for people with gaming dependency

Out-patient care

Private treatment homes

Svenska Spel's work with responsible gaming

Specific measures and tools, some examples

Tools

- ☑ Gaming budgets
- ☑ Self-testing
- ☑ Voluntary suspensions and visit limitations at Casino Cosmopol

Measures

- ✓ Age limits
- ✓ Test visits
- ☑ Control and follow-up

Training and information, some examples

- Support line phone number on all lotteries and game coupons, and at all locations where Svenska Spel products are sold.
- ☑ Increase knowledge about responsible gaming amongst players.
- Training and information about responsible gaming to retailers, business partners and all Svenska Spel employees.
- Limited marketing particularly for games considered sensitive from a responsible gaming perspective.

who show signs of poor health as a result of their gaming. In conjunction with this – often after a number of conversations, as it is players themselves who must come to the insight that they have a problem – we talk about our suspension programme.

All tools are available on www.spelalagom.se.

Age limits

Svenska Spel has introduced an 18-year limit on all games in retail outlets other than lotteries. Enforcement of the limits is checked through test visits to the premises with the help of external suppliers and if a business partner breaks the rules it is grounds for suspension. 5,091 checks were made in 2007. This resulted in 27 suspensions during the year.

Gaming on credit

Svenska Spel shall counteract gaming on credit and monitors retailer sales on a regular basis. If there are any major variations in sales, or other indicators, the situation is checked and followed up. If Svenska Spel finds evidence of gaming on credit the retailer is immediately terminated. In 2007 two retailers were terminated due to gaming on credit. In total there are 6,385 retailers.

Healthy gaming environments

Svenska Spel is to promote healthy gaming environments. In restaurants, there must be a reasonable proportion between VLT revenue and total revenue in the restaurant. This is to ensure gaming does not become overly dominant in the restaurant environment. The rules were tightened on 1 January 2007, which led to Svenska Spel terminating a number of agreements.

The relationship between the number of tables and VLTs in casinos is 1:10 to avoid the appearance of a gaming hall. Svenska Spel works actively to ensure that all premises where its games are installed are designed to minimise the risk for negative gaming behaviour. This also involves VLTs being situated so restaurant personnel can keep an eye on terminals and players at all times

The Ethics Council for the Gaming Market (SPER)

SPER is an industry organisation which consists of the operators licensed by the Government or Swedish Gaming Board to operate gaming and lottery activities: A-lotterierna, ATG, Folkspel, IOGT-NTO Lotterier, Svenska Spel and Sveriges Bingoarrangörers Centralorganisation. The council meets four times per year.

- · Develop joint guidelines for marketing of games and lotteries in Sweden.
- Design common "playing rules" for overall ethical matters related to gaming and lotteries.

- · Follow the development on the gaming market from a national and international perspective.
- · Develop joint educational and information material on matters related to gaming ethics and responsible gaming.
- At least every second year run responsible gaming seminars directed to media, advertising agencies, politicians, regulators, etc.
- · Participants commit to following these mutually established guidelines for marketing of games and lotteries in Sweden.

OSS - Independent gaming advisory board

Education and information

Svenska Spel is to provide information about responsible gaming and information about where people can turn if they have a problem. The phone number to the National Institute of Public Health's hotline is to be displayed wherever Svenska Spel products are available. This includes all Svenska Spel retailers, restaurants and bingo halls with VLTs, Casino Cosmopol and the svenskaspel.se and casinocosmopol.se websites.

Svenska Spel shall also help spread information and increase knowledge about responsible gaming among the country's players so players can make more informed decisions about their gaming.

Svenska Spel is to inform and educate retailers, restaurateurs and personnel in responsible gaming. Responsible gaming education has been adapted to the target groups and is developed in conjunction with the Gaming Institute. All Svenska Spel employees are trained in responsible gaming, and all new employees complete a special introduction. Since 2005 all retailers have been offered an interactive education which leads to certification. So far 1,548 retailers (sales locations) have been certified and 4,321 of

their employees. Approximately twice per month, newly established retailers meet at Svenska Spel to take part in a responsible gaming education and after passing the test are certified in responsible gaming. Existing retailers are invited to do the training on internet. So far 1,829 restaurants (3,001 people) have completed the education. The goal is for all 2,249 restaurateurs to be trained in 2008.



responsible gaming **Retail Outlets**

- 1,548 retailers have been certified since the programme started
- 4,321 retailer employees have been certified

Vegas business partners

- 1,829 business partners (restaurants) have been certified since the programme started
- 3,001 restaurant employees have been certified

Marketing

Marketing is a major part of responsible gaming. Svenska Spel is to always follow the industry's ethical guidelines for marketing of gaming. Our significantly stricter guidelines are effective from 1 January 2008 and can be read on svenskaspel.se/spelansvar. Operations which are particularly sensitive from a responsible gaming perspective such as casino games are only marketed in a limited manner and take the sensitivity of the game into account. Our marketing guidelines mean that we optimise – rather than maximise – profit. ■



Shining example

"Svenska Spel's work with 'Spelkoll' is a shining example of responsible gaming at its best, and is the single most innovative responsible gaming project I've seen in the world. It will be most exciting to follow the development of 'Spelkoll' and I truly hope that others will follow in Svenska Spel's foot-

Mark Griffiths, Doctor in psychology and professor in gaming studies at Nottingham Trent University.

"Spelkoll"

The tool that prevents problem gaming

he "Spelkoll" tool was introduced in June – the first tool in the world that actively helps players prevent their gaming from becoming a problem. "Spelkoll" is a result of Svenska Spel's efforts in responsible gaming, with the focus on the customer's control over his or her gaming.

By identifying players that are in the risk zone for developing problem gaming and offering them help in good time to change their behaviour, Svenska Spel helps prevent problem gaming. "Spelkoll" is based on information in the Svenska Spel customer database. In contrast to the conventional purpose of customer databases – to increase sales – the starting point for "Spelkoll" has been the opposite. "Spelkoll" should identify and help those players that would be happier if they played less. By year end, 18,833 customers had signed up for "Spelkoll".

Based on the database information, the gaming institute in Piteå and data mining company ICU Intelligence in Gothenburg were contracted to develop a tool that actively helps players. The technology is based on more than 17 years research at the

Chalmers University of Technology in Gothenburg. The solution integrates behavioural science, psychology, mathematics, artificial intelligence and technology.

A player's gaming behaviour is matched to a model which shows the position they are in. Green is associated with a stable gaming, yellow means risky gaming and red is a warning signal that the player faces serious gaming problems.

Players that land in the risk zone (yellow) are recommended to review their gaming as well as make a gaming budget and do a self-test of their gaming habits. If it appears the customer has gaming dependency (red), he or she is recommended to call the support line and is sent a link where they can suspend themselves from gaming. Svenska Spel immediately stops campaign mailings to all players in the risk zone.

It is still too early yet to see if there has been any reduction in the number of problem players due to "Spelkoll". An independent evaluation of the service will be made in 2008 by two English universities.

Financial responsibility

Svenska Spel operates in a regulated market which for social reasons is restricted to a limited number of operators. As a positive outcome of this, a surplus is created for socially-beneficial operations such as sports activities for children and youth. This solution is not in any way unique to Sweden, nearly all European countries have organised their gaming markets in a similar manner.

venska Spel's profit is entirely channelled back into the community. The money is allocated between the State treasury, sports and other NGOs according to the allocation model set by the Government.

Profit distribution works such that the State deducts a base amount from the profit, after which the remaining amount is divided with 50% going to the State, just over 40% to the Swedish Sports Confederation, and nearly 10% to the Swedish National Board for Youth Affairs

Opens doors to sports

The Government has also decided during its term to make an additional annual grant to the Swedish Sports Confederation in a special campaign to encourage a greater sporting involvement amongst children and youth, and develop activities that encourage them to continue sporting activities to an older age. All efforts are to be based on principles of equal opportunity and equality. This money, along with a grant of SEK 60 million made to the Swedish Sports Confederation, is taken from the State's 50% share under the profit distribution model.

The year's profit distribution resulted in the State treasury receiving SEK 3,657 million, the Swedish Sports Confederation SEK 1,394 million and the Swedish National Board for Youth Affairs SEK 196 million.

Important partner for many

In addition to the direct employment opportunities created by Svenska Spel through its operations, the Company also contributes indirectly to employment and jobs through its partnerships with more than 8,000 retailers and restaurants. For many retail outlets, Svenska Spel is an extremely important partner and source of income. In total, SEK 1,916 million was paid in commission to retailers and business partners in 2007.

Half back to the players

On average, the adult population spends approximately 3% of its disposable income on gaming. As more than half of this money is repaid in the form of profits, it means that around 1.2% of disposable income is played away. Svenska Spel's gross gaming revenue in 2007 was SEK 21,499, and the winners' share



Svenska Spel's grants for sporting and research achievements

Elite sport scholarship

The Elite sport scholarship is awarded by Svenska Spel and the Swedish Sports Confederation. The purpose of the scholarship is to enable elite sportspeople to do tertiary studies on at least a halftime basis while also competing at a national level. Each scholarship is worth SEK 40,000 with a payment of SEK 20,000 per term. The scholarship pertains to the 2007/2008 study year and is granted to 50 sportspeople.

Sporting journalist scholarship

Svenska Spel and the Swedish Sports Journalist Association award annual scholarships to sports journalists that wish to develop professionally, improve their skills in a particular sport or gain expertise in a specific field. The total amount is SEK 100,000, of which SEK 40,000 goes to the Major sporting journalist scholarship, which this year was made to a sports journalist writing about the impact of climate change on winter sports. The remaining funds were allocated between four smaller scholarships.

Research scholarship

Svenska Spel's research scholarship aims to stimulate research related to gaming. The scholarship is worth SEK 25,000 annually.

Svenska Spel Community Prize

In conjunction with the football agreement between Swedish Elite Football (SEF) and Svenska Spel, the Svenska Spel Community Prize was inaugurated. The award aims to recognise clubs that are involved in projects to improve society - with focus on the fields of equal opportunity/equality, children and youth health, integration and preventative action against hooliganism. Ten prizewinners were selected, the main prize going to leading Swedish sports club, IFK Göteborg, for their football programme for girls. The club has not previously had football for women and girls.

It is important to clarify that the money does not go to general club funds, but directly to the project itself.



allFair Prize

The allFair prize is an award made jointly by Svenska Spel and the allFair sporting ethics association. The prize awards exemplary actions on ethical and moral issues across all sporting groups, by active sportspeople, trainers/leaders/referees and parents/public. The prize aims to reward a sportsperson or persons who has actively provided a positive role model for good sportsmanship in sporting arenas around the country. The SEK $\,$ 15,000 prize is to be used for activities that promote fair play in sport in the prizewinner's club and/or association. The 2007 allFair prize was awarded to Borgeby football club for having worked with the Fair Play concept from the start and anchoring it throughout the club. The prize is worth SEK 15,000 and the money is to be used to promote Fair Play.

Swedish Sports Leader Prize

The Swedish Sports Leader Prize is awarded by Svenska Spel in conjunction with the Coaches Association to sporting leaders in general. The prize is intended to reward skilled leaders in Swedish clubs. Three prizes are awarded annually to the Enthusiast of the year, Young referee of the year, and Female leader of the year. Founded by the "Coachen" website for sports leaders and Svenska Spel, the prize has been awarded annually since 2004. Prizes are worth SEK 5,000 each.

Svenska Spel Community Prize 2007

Club	Project	Prize amount, SEK
IFK Göteborg	Girls football	100,000
Ljungskile SK	Interclub cooperation	75,000
Bunkeflo IF	Bunkeflo project	50,000
GAIS	Play for life	50,000
AIK	Love AIK with care	50,000
Helsingborgs IF	Today's youth – our future	50,000
IF Brommapojkarna	Cooperation with Save the Children	50,000
Landskrona BoIS	BoIS in the centre	25,000
IF Sylvia	Football after-school care	25,000
GIF Sundsvall	Football plus/Integrate us	25,000
Total		500,000

Svenska Spel scholarships

Total	2,655,000	100
Swedish Sports Leader Prize	15,000	0.6
allFair Prize	15,000	0.6
Svenska Spel Community Prize	500,000	18.8
Research scholarship	25,000	0.9
Sporting journalist scholarship	100,000	3.8
Elite sport scholarship	2,000,000	75.3
Scholarship	Total, SEK	%
Cahalarshin	Total CEV	

of this was SEK 11,901 million. 292 of the winnings that Svenska Spel paid out in 2007 were over SEK 1 million. Net revenue from gaming operations etc totalled SEK 7,915 million in 2007.

No profit maximisation

Svenska Spel invested SEK 34 million in direct costs in 2007 to prevent gaming problems. Including the income the Company refrains from by not maximising profits, this amount is considerably higher. Gaming surveys made annually show that Svenska Spel players face less problems than those who game with companies operating outside the Swedish regulatory system. There is little doubt that this also reduces social costs on the individual as well as the community level. As far as we know, however, a more in-depth socioeconomic analysis of the effects of the responsible gaming measures by Svenska Spel and other operators (or lack thereof) has not been made. Such an analysis would be highly valuable for Svenska Spel as well as for the various decision makers and community stakeholders that are affected by the gaming market.

Greater opportunities

Svenska Spel is one of the country's largest sporting sponsors and sponsors the top series and national teams in football, ice hockey, bandy and indoor bandy. The Company also runs socalled Good Citizen sponsorship on Gotland (where its head office is based) with a view to strengthening local club activities. Svenska Spel's involvement helps provide the sponsored organisations with greater opportunities to develop their activities.

Multicultural business

Svenska Spel's ambition is to become the gaming company of the Swedish people and thus take advantage of the multicultural opportunities in the community. Key to this is accepting the differences between individual customers, retailers and employees.

To reach our goals we started the project Multicultural business in 2007. We have looked closely at a number of areas: personnel, product development, marketing and responsible gaming. The purpose is through specific measures to meet the expanding business opportunities and the greater responsibility associated with them.

Cost-effective procurement

All purchases over SEK 200,000 made in the Group must be reviewed by the purchasing department (part of the Finance and Group Support staff unit). Purchases of SEK 500,000 or more are always negotiated by the purchasing department in order to ensure cost-effective procurement and negotiations, as well as utilise synergies within the Group. The central procurement function also helps reduce the risk of bribery attempts and other irregularities.

All employees have been informed and educated in these matters, not least through the Company's intranet. A lecture on the subject was held by the Institute Against Corruption in autumn 2006. A special review of Svenska Spel's protection against corruption has also been made in 2006.

Gotland clubs sponsored through the Good Citizen football arrangement

Football

- Gotlands Fotbollsförbund (elite training in Halmstad etc.)
- VIF Gute (men's division I)

Basketball

Visby Ladies

Indoor bandy

- Endre IF (women's elite series)
- Visby IBK (men's division II)

Ice hockey

• Visby/Roma and Sudrets HC (men's division II)

Golf

- Gotska GK
- När GK
- · Slite GK
- Visby GK

"Everybody wins with Svenska Spel"

The State, the sporting movement, and activities for children and youth are all winners with Svenska Spel. Hundreds of thousands of players win small and large amounts from Svenska Spel. As an employer, we also strive to create enjoyment and a high level of motivation which means employees also become winners. Therefore we call our employment strategy "Everybody wins with Svenska Spel".

n 2007 the Human Resources staff function introduced an organisational model in which the Group's "long-term mission" - its overall long-term objectives and assignments – was broken down to the level of individual employees. In this way each individual job in the Company is defined so that it is possible to match the right skills to the right job.

Attractive workplace

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 and long-term manner

Competency, ability and motivation are, in conjunction with resources and authority, to be aligned with job tasks and responsibility. All employees should be able to experience job satisfaction and feel proud of their work and their workplace. The business is run based on its "long-term mission" – longterm objectives and job assignments – which are formulated for every manager and employee. Objectives should be clear and measurable. Straight and clear communication provides the basis for achieving individual as well as corporate goals. The Company shall provide the organisation, remuneration, stimulation, culture, development and leadership required to develop each employee's skills, ability and motivation in the best possible manner.

Good leadership

Svenska Spel has identified the characteristics that are the hallmark of good leadership in the Group: self-insight, professionalism, a holistic approach, intuition and motivation. Based partly on these, assessments are made in annual management reviews aimed at strengthening leadership. During the year, Svenska Spel started a new management education in conjunction with Gotland University.

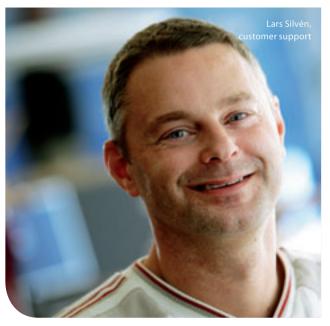
Skills development

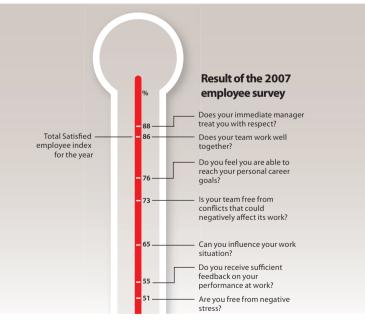
Each role in the Group is to be filled with employees that meet the skill requirements and uphold the values that Svenska Spel represents: Professionalism, Awareness, Commitment and Responsibility. In its role as employer, Svenska Spel should always check whether an employee's ability to do his job can be improved through measures to develop competency.

The Svenska Spel Academy is an umbrella concept for all Svenska Spel's training programmes and includes management education, a range of internal training for employees, introduction programmes, help in competency development plans,









Svenska Spel's value base

Svenska Spel brings pleasure to millions of people, helps make dreams come true, creates excitement and fellowship. That makes it a fun company to work for It is based on the values upheld by employees: Professionalism, Awareness, Commitment and Responsibility. All values are associated with our focus on environmental and sustainable development.

Professionalism

- We shall develop and sell competitive games
- · We shall maintain a balance between profitability and responsible gaming

- · We act on the signals we receive from stake-
- · We listen, interpret and experience the
- · We treat each other in a way that makes everyone feel included, seen and heard
- We have open and clear communication
- · We are straightforward, free from prestige, and respect each other and our differences

Commitment

- · We care about our stakeholders and each
- · We are fully present in heart and mind
- We are all ambassadors for Svenska Spel

- We are responsible for our games being safe, secure and having a high level of availability
- · We prevent and inform about the downside of gaming
- · We take responsibility for our own assignments and contribute to the Company's operations
- · Leaders and employees are both responsible for the assignments and results of the group
- · Cooperation and teamwork are a given

lending literature and help in customising training for groups and individuals. Training in responsible gaming is compulsory for everyone employed at Svenska Spel.

Development of an HR portal (an administrative tool for employees) was started in 2007, and when complete this will support and improve the flow of administrative information for employees and managers and also support competency planning.

Diversity and equal opportunity

A combination of competency, sex, cultural background, age, education and personal experience promotes and develops business and meetings between players and business partners. We do not accept any form of discrimination or bullying. In 2007 there were no reported incidents of discrimination.

Salaries

Salaries are individual and differentiated. Salary and salary development is based on job assignments, competency and results, with market factors also playing a role. 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.

During the year, a dispute between Casino Cosmopol and the Salaried Employees Union HTF was settled in the Swedish Labour Court. It involved the right of a particular group of employees to receive payment for inconvenient working hours. Casino Cosmopol has considered that payment for inconvenient working hours is incorporated in the fixed amount of the salaries of the people involved, while HTF claims they are entitled to separate payment for inconvenient working hours over and above the fixed monthly salary. In its judgement the Labour Court deemed that nine of the twelve professional groups affected by the dispute are entitled to compensation for inconvenient working hours. Casino Cosmopol will compensate the persons involved in accordance with the court ruling.

Facts, employees

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

Average number of employees

	Of which		C	Of which	
Number of employees	2007	men	2006	men	
Parent Company	700	61%	647	59%	
Subsidiaries	888	51%	839	51%	
Group	1,588	56%	1,486	55%	

Other full-time positions

Group	1,634	1,543
Subsidiaries	923	899
Parent Company	711	644
	2007	2006

Based on the total number of scheduled working hours per year.

Number of employees

	Of which		Of which	
	2007	men	2006	men
Parent Company	771	473	689	407
Subsidiaries	1,510	732	1,256	615
Group	2,281	1,205	1,945	1,022

All employees including hourly employees.

Allocation Visby	Of which		Of which	
/Sundbyberg	2007	men	2006	men
Visby	360	198	351	190
Sundbyberg	318	207	338	217

Average age

Group	35	34
Subsidiaries	31	30
Parent Company	41	41
	2007	2006

Age distribution

No. of persons	2007	of which %	2006	of which
No. or persons	2007	70	2006	90
<30	703	31	817	42
30-49	1,333	58	953	49
>49	245	11	175	9
Total	2,281		1,945	

Female managers

Group	38	40
Subsidiaries	41	43
Parent Company	35	36
%	2007	2006

Length of employment

%	2007	2006
<5 years	50	82
6–9 years	31	6
>10 years	19	12

Health level

%	2007	2006
Parent Company	84	83
Subsidiaries	66	64
Group	74	73

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

Employee satisfaction

%	2007	2006
Satisfied employee index	86	91

Health

	2007	2006	Objective
Health level, %1	74	73	80
Rehabilitation, %	80	75	65
Active rehabilitation, persons ²	21	13	<20

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

Education

Approximately 35% of employees have a university/ college education.

Percentage of employees with collective agreement

Percentage of employees with collective agreement 100%.

Employee turnover

%	2007	2006
Parent Company	11	11
Subsidiaries	24	25
Group	18	19

^{2.} Pertains to the Group.

Working environment

Svenska Spel promotes a good working environment, where the risk factors for negative health impacts and accidents are as low as possible and where employees enjoy good physical, mental and social health. We emphasise preventative measures in the mental and social working environment for individuals and groups.

The working environment is evaluated on an annual basis through the working environment review and the employee survey. Measures are handled in a special action plan.

Health activities

Svenska Spel encourages greater health awareness amongst employees through its exercise centres and subsidies for exercise outside the company, provides well-balanced food in company cafeterias and culture via art clubs and other activities that promote good physical and mental health.

Responsible gaming

For employees, responsible gaming involves actively working to prevent underage gaming, encouraging individual gaming budgets, informing players about the opportunities for voluntary suspension and visit limitations to the casinos.

On a day to day basis, each individual employee is to take the Company's responsible gaming profile into account while performing their work. All employees undergo interactive training in responsible gaming.

Human rights

Svenska Spel operates on a national basis and within that framework can state there is no risk of any significant infringement of human rights on investments and supplier evaluations.

Significant events in 2007

- · Started implementation of an HR portal.
- Prepared and implemented collective agreement negotiations with the General Group in the Swedish Employers' Confederation (Almega).
- · Dispute in the Swedish Labour Court regarding overtime payments for HTF members at the casinos.
- Introduced an organisational control model in which the Group's long-term mission is broken down to individual employee level.
- Started a new management education in collaboration with Gotland University.

Priorities for 2008

- · Complete implementation of the HR portal.
- Communicate employer strategy "Everybody wins with Svenska Spel".
- · Focus on recruitment for the requirements of the next five years.
- · Launch support of individual benefit packages.
- Start a Master's Degree in leadership in the gaming industry in collaboration with Gotland University.

Quality certified security processes

Security is a key part of our assignment. It is safe and secure to game with Svenska Spel. Customers can count on winnings being paid to the right recipient and that our games and lotteries cannot be manipulated. Since 2007 Svenska Spel has been part of the exclusive group of Swedish companies certified in accordance with the international standard ISO 27001.

omprehensive monitoring of transactions and gaming behaviour is an integrated part of all our games to ensure they are run correctly and participants cannot gain advantage using unfair means. A good example is camera monitoring with recording in the casinos which monitors and registers games in real time so they can be reviewed later. Monitoring also includes legally required routines for tracing money laundering. Any suspicious activities are reported to the Financial Police and drawings of number games such as Lotto, Keno and Joker are made in the presence of Swedish Gaming Board inspectors.

World Lottery Association – Security Control Standard

The international gaming organisation World Lottery Association (WLA) organises companies that operate in a regulated market in compliance with the rules of each country. Approximately 140 companies in 75 countries are currently members. Svenska

Spel has been certified under the organisation's security standards that were established in the mid-1990s, with 24 companies currently certified. The standard is administrated by Security and Risk Management Committee of the WLA.

Information security management system

An assumption for renewed WLA certification was meeting the requirements for ISO 27001 certification. The standard involves requirements to assure the accessibility, correctness, confidentiality and traceability of all business-critical information. This type of information includes material stored in databases, computers, websites, intranet and on paper, as well as statements made via telephone, sent as e-mail or fax, shown on overhead slides or notes on whiteboards.

The requirement was introduced in 2006 and involves additional structuring of our security processes and routines and ongoing work with systematic improvements.

Significant events in 2007

- Svenska Spel became the ninth company in Sweden to be certified in accordance with ISO/IEC 27001 – Information security management system.
- The management system was also reviewed to meet the extended requirements of the new security standard WLA-SCS:2006 from the World Lottery Association.
- Increased efforts by Svenska Spel to ensure that illegal gaming does not occur at our retailers.

Priorities for 2008

- · Upgrade to second generation camera monitoring systems
- · Further efforts to follow-up and investigate security incidents such as attempted fraud and suspected illegal gaming at our partners.
- · Development of information security management system.
- · Further development of security training programme.

Environment

Svenska Spel aims to be an environmentally aware company. We focus on and contribute to sustainable development in society by striving to improve the environment in all areas of our organisation. Our overall goal is to ensure that the products and services we provide have the lowest possible impact on the environment.

venska Spel has had an environmental plan for several years based on its environmental policy. The Group has a "global" strategy, which involves collaborating with local operators in projects that will have a global impact. Energy consumption is, and will continue to be, a central issue and our aim is to make more economic use of resources which will in turn lessen environmental load and reduce costs on a short and long-term basis. In 2008, Svenska Spel will start a special project to reduce its environmental impact.

All environmental processes are based on identifying areas of the organisation's operations, products and services that have a substantial environmental impact. The 2004 environmental survey resulted in the following list:

- 1. Shipping of goods
- 2. Service transportation
- 3. Electricity consumption
- 4. District heating consumption
- 5. Paper and printing of lotteries and other products
- 6. Purchasing of services for marketing and property management
- 7. Handling of hazardous waste
- 8. Handling of chemicals
- 9. Refrigerant emissions

Points 7–9 are regulated by law and are therefore significant. During the handling of hazardous waste, chemicals and refrigerants, a precautionary approach is taken.

Since the early 1990s, Svenska Spel has worked with environmental issues through its internal environmental committee. In 2007 the committee was expanded by a number of participants and in conjunction with this, two education and workshop days were arranged with an appreciated visit from Gotland's environmental head. The Company's environmental coordinator heads the committee. In December it was decided to extend the environmental focus in 2008 and an environmental manager has been recruited. From an organisational perspective, the Environment function is part of the CSR/Public Affairs division in the Communication & Society staff unit.

Special environmental requirements

Special environmental requirements for properties, printed material, transportation and logistics have existed for some years. In 2007 special guidelines were also introduced for areas that have a significant environmental impact. These areas are transportation, new guidelines for flights, electronics, properties and food.

Svenska Spel prioritises suppliers that promote environmental issues. All suppliers of printed materials have the "Swan" environmental licence, three are also certified in accordance with ISO 14001.

In the next year we will strengthen our base requirements for procurement and purchasing, grouping them at two different levels as either "musts" or "for assessment". Suppliers that meet these requirements on assessment gain an advantage.

In addition we will improve and develop our environmental management system. The system will cover all identified areas with a focus on transportation, energy and material and aim for an effective usage of company resources. ISO 14001 will be introduced as standard.



Optimisation of transportation

One of the key priorities for 2008 will be to optimise travel and strive to further reduce transportation.

Svenska Spel sells its games via 6,385 retail outlets and 2,249 restaurants, pubs and bingo halls around the country which involves a great deal of freight transportation. It has for some years had a contract with Posten which has reduced environmental load by 203 tonnes (23%) of CO₂ per year. In total this has generated a saving of SEK 25 million.

The strong development of the Gotland-based business has increased the amount of travel. In 2007 new travel instructions were introduced for employees involving such measures as all internal meetings being held via video conference or by phone. Meetings with special requirements are to be held at the place which involves the least amount of travel. An increased number of video meetings has been made possible by increasing the number of meeting rooms and buying more video equipment. We plan to coordinate our meetings more effectively in the future.

Today Svenska Spel has 89 service and company cars of which 39 are eco cars. New instructions for car purchasing have been adopted which means that all cars will be eco cars by the end of 2009.

Increased energy efficiency

Svenska Spel is a modern company with growing digitalisation which steadily increases energy demands along with the cost involved. This means that the Company is constantly striving for improved energy efficiency as well as finding alternatives to current energy sources for heating of properties along with

energy for operations and communication. We have had green electricity agreements since 2004. Our computer equipment is replaced on a regular basis with new and more energy-efficient technology. In 2008 our climate-neutral energy project is listed high on the agenda.

Optimise material consumption

Svenska Spel is a paper intensive company through its coupons, receipts and lotteries and various forms of printed and campaign material.

In 2007 a process has been run to optimise material consumption. The amount used in coupons and programmes has declined while in lotteries and receipts it has increased due to increased sales. In total this has resulted in savings of SEK 16.9 million.

Facts, environmental process

For more information on the methodology used in recent years, contact the environmental manager at CSR/Public Affairs.

Summary of quantity of paper

Production of, weight in tonnes	2007	2006,	2005	2004	2003
Coupons	510	545	516	639	634
Programmes	217	253	225	232	245
Ticket rolls	357	220	174	165	197
Lotteries	240	218	247	219	282
Total	1,324	1,235	1,163	1,255	1,358
Diff., tonnes	88.9	72.5	-92.4	-103	-195
Diff., tonnes %	7.2	6.2	-7.4	-7.6	-14.4

- · Increase in paper weight is due to the new terminals printing more information than previously in combination with sales growth.
- Programmes and Coupons have declined despite strong sales due to optimisation of allocations.

Environmental calculations for Svenska Spel 2007

The summary only includes transportation of advertising and consumable supplies to Svenska Spel retailers and restaurateurs as well as Casino Cosmopol's trans-

Total emissions in 2007 compared to 2006 involve an estimated decrease in emissions in the new postal arrangements. Emissions for the previous contractor (MTD) are based on the assumption that the now consolidated dispatches previously involved 30% more transportation. From delivery three to four times per week to twice a week under the current arrange-

Letters and packages, deliveries via Posten

Emissions, tonnes	CO ₂	Nox	CO	HC	PM
Packages Svenska Spel ¹	7.460	0.047	0.008	0.003	0.001
Packages Casino Cosmopol ¹	1.714	0.011	0.002	0.001	0
Consolidated dispatches HIT, Road ²	274.670	2.110	0.250	0.140	0.030
Consolidated dispatches HIT, Air ²	35.600	0.090	0.350	0.020	0
Lotteries HIT, Road ²	313.240	2.410	0.290	0.160	0.040
Letters Svenska Spel ³	55.200	0.140	0.740	0.140	0.020
Total	688	4.8	1.6	0.5	0.1

- 1. Emissions for Packages are based on Posten environmental calculations.
- 2. Emissions for Consolidated dispatches and Lotteries are calculated based on economic allocation of HIT's emissions with the exception of air transportation which is based on SAS environmental calculations for goods transport.
- 3. Based on a doubling of the outcome for the first half-year.

Source: Posten

Water and energy consumption premises

	Wa	Water, m ^{3 1)} Electricity, kWh Energy,		Electricity, kWh		ergy, kWh
Svenska Spel	2007	2006	2007	2006	2007	2006
Parent Company total	13,331	13,636	5,058,069	5,044,560	3,539,577	3,829,461
Subsidiaries total	23,123	21,016	8,370,547	8,075,782	3,719,850	3,890,790
Total	34,652	36,454	13,428,616	13,120,342	7,259,427	7,720,251

^{1.} Water consumption is based on municipal water supplies, and waste water based on discharges to municipal treatment plants.

Flights between Visby and Sundbyberg.

	2007	2006	2005
No. of employees			
Parent Company	700	647	611
No. of one-way trips	11,035	9,956	8,500
One-way trips			
per employee, average	15.8	15.4	13.9
CO ₂ emissions, tonne	541	488	417

Parent Company

- 15.8 one-way trips per employee. An increase of 0.4 trips per employee.
- Consultant travel is included in statistics for 2006/2007 but not included in average per employee.

Eco cars

	20071	2006
No. of cars	89	69
of which eco cars	39	11

1. Including Casino Cosmopol

The result has been achieved due to more efficient routines. for distribution of mailings to retailers, which has had positive effects on our transportation and thus our environmental impact.

Coupon-free gaming increased by 12% in 2007. A project to further increase this amount is underway. Another project is the transition to digital wall displays for news and notice boards.

All paper from Svenska Spel can be recycled and better routines are being introduced so this occurs in all parts of the operation.

Environmental survey of casino operations

An environmental survey was started during the year for the casino operations. The intention is to provide a situation analysis of Casino Cosmopol's environmental impact in 2007 and build a base for future environmental processes. The survey is expected to be completed in 2008.

In conjunction with this, many of the points identified in the Group's environmental survey in 2005 will be realised, such as those related to food, electronics, property management and energy efficiency.

Increased awareness in the organisation

To increase awareness in the organisation, an environmental site is being developed on internet. World Environment Day was observed with organic food being served in personnel cafeterias. Last year's Christmas present was a contribution to the Swedish Society for Nature Conservation (SNF) and the Save the Baltic Sea project, as all offices and casinos are adjacent to the Baltic Sea. The contribution was SEK 300,000, thus making Svenska Spel a gold sponsor of SNF. All employees were invited to watch Al Gore's film "An inconvenient truth" and 120 took advantage of the offer.

Significant events in 2007

- Environmental committee expanded from four to eight
- · Developed an environmental site on our intranet.
- · Observed World Environment Day at all locations.
- · Updated environmental guidelines for procurement of goods and services with specific guidelines for areas with a substantial environmental impact. These areas are printed materials, transportation, electronics, properties and food.
- · Commenced environmental survey of casino operations.
- Decision that all company cars purchased are to be eco cars.
- Contributed SEK 300,000 contribution to the Swedish Society for Nature Conservation (SNF) and the Save the Baltic Sea project, thus becoming a gold sponsor of SNF.
- Ongoing work with coordinated packing and transport reductions.

Priorities for 2008

- · Reduce the amount of travel through more video meetings and improved coordination.
- Complete environmental survey of casino operations.
- Create tools for follow-up of CO₂ emissions.
- Continue optimising number of goods transports.
- · Communications strategy for the environment.
- · Develop new environmental projects.
- Investigate and create opportunities for improvement in focus areas energy and material.
- · Ongoing optimisation of consumables (programmes, lotteries, coupons and receipt rolls).
- · Create opportunities for recycling through clear routines and processes.
- · Improve and develop existing environmental management system.
- Investigate ISO 14001 certification.

GRI Index

The following is a summary of Svenska Spel's Corporate Social Responsibility (CSR) Report in accordance with GRI. The table specifies the indicators presented by Svenska Spel.

		Page	Reported Partially reported
	Criteria	reference	Not reported O
1	Strategy and analysis		
1.1	Statement on vision and strategy pertaining to corporate social responsibility	2–3	•
1.2	CSR-related impact, risks and opportunities	2–3	•
2	Owner-testing all arms la		
2 2.1	Organisational profile	cover	
2.1	Name of the organisation	cover 9, 18–21	•
2.2	Major products, services and brands Organisation's operational structure including key divisions, operating companies, subsidiaries and joint ventures	9, 10-21	•
2.3	Address of the head office		•
2.4	Countries of operations	cover 4–8	•
2.6	· · · · · · · · · · · · · · · · · · ·		•
	Owner relationship Market description	36, 65 8–9	•
2.7	Size of organisation including number of employees, net revenue, total capital split into equity		•
	and liabilities, and amount of products and services sold	cover, 65–71	•
2.9	Significant changes during the reporting period pertaining to size, structure and ownership	2, 11	•
2.10	Awards received during the reporting period	2, 36	•
3	Report parameters		
	Report profile		
3.1	Reporting period for information provided	33	•
3.2	Date of most recent previous report	11, 35	•
3.3	Report cycle	35	•
3.4	Contact point for questions pertaining to reports or their contents	33	•
	Company limitations	Donart profile	
3.5	Scope and limitations Definition of report content	Report profile 33, 38–39	
3.6	Boundary of the report	33, 30–39	•
3.7	Specific limitations on the scope of the report or boundary	33	•
3.8	Reasons for reporting pertaining to comparability	33	•
3.9	Data measurement techniques and basis for calculations	53, 58	•
3.10	Explanation of the effects of retroactive changes of information in previous reports and reason for such changes	33,38	•
3.11	Significant changes since previous period pertaining to scope, limitations or measurement techniques used in the report	33	•
2 1 2	GRI Content index Description of location of information in reports, i.e. pages or links to a mileble information.	60.63	
3.12	Description of location of information in reports, i.e. pages or links to available information	60–63	•
	Review		
3.13	Policy and current practice for independent assurance for the report	35, 64	•
4	Governance, commitments and engagement		
4.1	Governance structure	11, 102	•
4.2	Indicate if Chair of the highest governance body is also an executive officer	108	•
4.3	Number of independent non-executive directors	108	•
4.4	Mechanisms for shareholders and employees to provide recommendations or guidance to highest governance body	108	•
4.5	Linkage between management compensation and the organisation's performance in terms of financial and non-financial objectives	88	•
4.6	Processes applied in the highest governance body to avoid conflicts of interest		0
4.7	Process to evaluate the qualifications and expertise of members of the highest governance body		0
4.8	Mission, values, code of conduct and principles relevant to CSR performance, and their status	12,52	•
4.9	Board routines for monitoring CSR performance	,	0
4.10	Process for evaluating Board performance, particularly in terms of CSR		0
	Engagement in external initiatives		
4.11	Organisation's precautionary approach	56	•
4.12	Affiliation with voluntary external codes, principles or other initiatives	44, 55	•
		, 55	_

	Criteria	Page reference	Reported Partially reported Not reported
	Stakeholder engagement		
4.14	List of stakeholders	38-39	•
4.15	Principles for identification and selection of stakeholders	38-39	
4.16	Method for stakeholder dialogue, including number of meetings	38-39	•
4.17	Central subjects and matters that have arisen from stakeholder engagement and the company's response to them, including the company's response through reporting		0
	Economic indicators		
	Disclosure of management approach		
	Economic performance		
EC1	Economic performance	72–73	•
EC2	Financial implications and other risks and opportunities associated with climate change		0
EC3	Coverage of the company's benefit pension plan obligations	73, 82–83, 95	•
EC4	Significant financial assistance from the public bodies	83	•
	M. L. C.		
FCF ADD	Market presence		
EC5 ADD EC6	Standard entry wage compared to local minimum wage in key markets where the company is represented	68	•
LCO	Policies, working methods and the company's spending on locally-based suppliers in key markets where the company is represented		0
EC7	Local hiring and proportion in senior management	110	•
LC/	Eocal filling and proportion in senior management	110	•
	Indirect economic impacts		
EC8	Development and effect of infrastructure investments and public services	47	•
EC9 ADD	Understand and describe significant indirect economic impacts and their extent		0
	Environmental performance indicators		
	Disclosure of management approach		
	Material		
EN1	Materials used by weight and volume	57–58	•
EN2	Share of recycled material		0
	Energy		
EN3	Direct energy consumption by primary energy sources	57-58	•
EN4	Indirect energy consumption by primary energy sources	3, 30	0
EN5 ADD	Total energy savings due to conservation and efficiency improvements		0
EN6 ADD	Initiatives to use energy-efficient and renewable products and services and		
	the resulting reduction in energy consumption	57	
EN7 ADD	Initiatives to reduce indirect energy consumption and savings achieved		0
	Water		
EN8	Total water withdrawal by source	58	
EN9 ADD	Water sources significantly affected by company's water withdrawal	58	•
EN10 ADD	Percentage and volume of recycled and reused water	30	0
211107100	refeemage and volume of recycled and reased mater		
	Biodiversity		
EN11	Land area used and biodiversity		0
EN12	Impacts of activities on biodiversity		0
	Habitats protected or restored		0
	Strategies, current measures and future plans for handling impacts on biodiversity		0
EN15 ADD	Red List and national list species		0
	Emissions and waste		
EN16	Direct and indirect emissions of greenhouse gases	58	•
EN17	Other relevant indirect emissions of greenhouse gases		0
EN18 ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved		0
EN19	Emissions of ozone-depleting substances		0
EN20	NOx, SOx and other significant air emissions by weight and type	58	•
EN21	Total water discharge by quality and destination	58	•
EN22	Total waste weight by type and removal method		0
EN23	Hazardous waste under the Basel convention		0
EN24 ADD			0

	Criteria	Page reference	Reported Partially reported Not reported
	Products and services		
EN26	Initiatives to alleviate the environmental impacts of products and services and the extent of reduction		0
EN27	Percentage of products sold and packaging material recovered by category		0
	Compliance with laws and regulations		
EN28	Monetary value of significant fines and number of non-monetary sanctions due to		
	non-compliance with environmental regulations		0
	Transportation		
EN29 ADD	Significant environmental impacts of transportation	58	•
	Total		
EN30 ADD	Total costs and investments to protect the environment by category		0
	Labour indicators		
	Disclosure of management approach		
	Employees		
LA1	Workforce by employment type, agreement and region	53,87	Þ
LA2 ADD	Employee turnover – total number and percentage by age, gender and region	53	•
LA3 ADD	Benefits provided to full-time employees, but not temporary or part-time employees	54	•
	Management/employee relationships		
LA4	Percentage employees covered by collective bargaining agreements	53	•
LA5	Shortest notice period on operational changes and if period is specified in collective bargaining agreement		0
	Working environment		
LA6 ADD	Representation on health and safety committees		0
LA7	Percentage injuries, occupational diseases, lost days and total number of work-related deaths by region	53	•
LA8	Assistance for employees, their families and community residents with serious illness		0
LA9 ADD	Health and safety matters covered by formal union agreements		0
	Education		
LA10	Average number of training hours per year and employee by profession		0
LA11 ADD	1 / 1 3 3 11 3 3		
LA12 ADD	employability and management of career termination Percentage of employees that receive regular performance and career development reviews	50 51,53))
LA 12 ADD	r electritage of employees that receive regular performance and career development reviews	31,33	,
	Diversity and equal opportunity		
LA13	Composition of Board and management and employee distribution by gender, age,	52.07.110	
LA14	minority group and other diversity parameters Relationship between male/female remuneration by profession	53, 87, 110	•
LA14		32	
	Human rights indicators		
	Disclosure on management approach		
HR1	Investments and procurement approach Human rights clauses in investment agreements	54	
HR2	Review of suppliers observance of human rights clauses	54	•
HR3 ADD	Relevant training on human rights	3.	
	Discrimination		
HR4	Total number of discrimination incidents and measures taken	52	•
	Freedom of association		
HR5	Significant risk of violation of freedom of association		0
	Child labour		
HR6	Significant risk of incidents involving child labour		0
	Forced and compulsory labour		
HR7	Significant risk of incidents involving forced and compulsory labour		0
HR8 ADD	Exercise of security Security personnel trained on human rights		0
I II/O ADD	security personner trained or numering its		0

	Criteria	Page reference	Reported Partially reported Not reported		
		Telefelice	Not reported 5		
HR9 ADD	Rights of indigenous people Total number of incidents involving rights of indigenous people and measures		0		
TING ADD	total number of incluents involving rights of indigenous people and measures				
	Social performance indicators				
	Disclosure on management approach				
	Society				
SO1	Methods for handling impacts on communities	40-46	•		
	Corruption				
SO2	Percentage and total number of business units reviewed pertaining to corruption-related risks		0		
SO3	Percentage of employees trained in company's anti-corruption policies and guidelines	49	•		
SO4	Actions in response to instances of corruption		0		
SO5	Politics		_		
SO6 ADD	Political position and participation in development of policy development and lobbying		0		
300 ADD	Total value of financial and in-kind contributions to political parties or similar institutions by country		0		
	Anti-competitive behaviour				
SO7 ADD	Total number of legal actions resulting from anti-competitive behaviour,				
	antitrust and exercise of monopoly and their outcome	4, 6	•		
	Compliance with laws and regulations				
SO8	Monetary value of significant fines and total number of non-monetary sanctions				
	for non-compliance with current legislation and regulations		0		
	Product responsibility indicators				
	Disclosure on management approach				
	Customer health and safety				
PR1	Impact of products and services on health and safety	40-46	•		
PR2 ADD	Legal cases pertaining to impact of products and services on health and safety		0		
	Labelling of products and services				
PR3	Labelling of products and services	40-43	•		
PR4 ADD	Number of breaches of product information and marking legislation	10 13	0		
PR5 ADD	Approach to evaluating customer satisfaction including results of customer satisfaction surveys		0		
PR6	Marketing communication Programme for affiliation to standards and valuntary codes impacting marketing communication	44			
PR7 ADD	Programme for affiliation to standards and voluntary codes impacting marketing communication Incidents impacting non-compliance with marketing communications regulations	44	•		
	incidents impacting non-compliance with manicular communications regulations		9		
	Customer integrity				
PR8 ADD	Complaints regarding breaches of customer privacy		0		
	Compliance with laws and regulations				
PR9	Fines for non-compliance with laws and regulations		0		

Statement of conformity

To readers of the CSR Report

We have, on assignment from AB Svenska Spel, reviewed four performance presentations in the 2007 CSR Report. These presentations consist of the indicators "Support for a requlated market, %", "Player base, %", "Players with problems, %" and "State-run companies take greater responsibility, %". As part of the 2007 CSR Report we have also reviewed Svenska Spel's own declaration pertaining to the selected reporting level in accordance with GRI. Svenska Spel has selected Appli-

The purpose of the review is to enable us to express an opinion on whether we found any circumstances that indicate that the report is not materially prepared in accordance with the criteria selected and presented by Svenska Spel. The review has been carried out in accordance with the proposed recommendation for the independent review of separate voluntary CSR Reporting issued by FAR SRS.

The Board of Svenska Spel has issued the CSR Report on 12 March 2008. Company management in Svenska Spel is responsible for the preparation and reporting of matters of responsibility. The Svenska Spel staff function Communication & Society is responsible for overall coordination, measurement and analysis of the review performance presentations. It is our task to express an opinion on the indicators "Support for a regulated market, %", "Player base, %", "Players with problems, %" and "State-run companies take greater responsibility, %" in the 2007 CSR Report. It is additionally our task to express an opinion on Svenska Spel's declaration pertaining to the reporting level in accordance with CSR, Application level C+, in the 2007 CSR Report. Our opinion is based on the review we have carried out.

The performance presentations in the 2007 CSR Report, comprising the indicators "Support for a regulated market, %", "Player base, %", "Players with problems, %" and "State-run companies take greater responsibility, %" are prepared based

on suitable accounting and measurement policies, specifically developed and presented by the Company, which together represent the criteria on which our review was carried out. Svenska Spel's own declaration of reporting level is made in accordance with GRI guidelines, Application level C+, and represents the criteria on which our review of Svenska Spel's own declaration was carried out.

The review comprised such areas as:

- Discussion with persons responsible for collecting information about key events and activities during the time period comprised in the report.
- Review of measurement and accounting policies for reporting on the results of performance presentations.
- Overall review of Svenska Spel's systems and routines for registration, accounting and profit reporting of performance presentations.
- Discussions with selected employees and visit to the Sundbyberg office to ensure that the data and information reported and collated is materially in agreement with Svenska Spel's principles.
- Review of supporting documentation to assure the quality of result reporting.

Reporting of the ongoing outcome of our review has been made to Petra Forsström, CSR/Public affairs.

During our review no circumstances have arisen that would indicate that the reporting of the four performance presentations represented by the indicators "Support for a regulated market, %", "Player base, %", "Players with problems, %" and "State-run companies take greater responsibility, %" or Svenska Spel's declaration of reporting level in the 2007 CSR Report are not materially prepared in accordance with the criteria provided.

Stockholm, 13 March 2008 Öhrlings PricewaterhouseCoopers AB

Per Wardhammar **Authorised Public Accountant**

Lars-Olle Larsson Specialist member FAR SRS

Financial statements

Director's Report

The Board of Directors and the CEO of AB Svenska Spel, corporate registration number 556460-1812, with place of business in Visby, hereby submit the Annual Report and the consolidated Financial Statements for the financial year ended 31 December 2007 presented on pages 65-99.

Principal activity and structure

Owner relationship

The Swedish Government owns 100% of Svenska Spel.

Owner's assignment

In conjunction with the AGM on 25 April 2007 the owner presented a document with information for the Board of Svenska Spel. The document includes the following: "The owner has made an adjustment of the assignment for Svenska Spel prior to the 2007 financial year, and it is now the following:

AB Svenska Spel shall arrange games and lotteries as licensed by the Government. AB Svenska Spel shall respond to consumer interest as a reliable alternative to illegal gaming operations with the aim to provide a broad service in both urban and rural areas.

Social welfare is to be prioritised in the development of gaming forms and in the business as a whole. 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.

In its marketing, AB Svenska Spel is to maintain a responsible positioning with an element of social engagement, in order to avoid being perceived as overly assertive."

Current licences

Lotteries and bookmaking at sporting events

On 14 December 2006 the Government licensed AB Svenska Spel to arrange lotteries and bookmaking against cash payment for the general public for the period 1 January 2007 to 31 December 2008.

VITc

On 30 November 2006 the Government granted AB Svenska Spel a licence to arrange gaming on VLTs for the general public for the period 1 January 2007 to 31 December 2008.

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 8 November 2007 the Government granted AB Svenska Spel or its wholly owned subsidiary a licence to arrange and sell poker gaming on internet for the period 1 January 2008 to 30 June 2008.

Financial requirements of the owner

Section 4 of AB Svenska Spel's Articles of Association specifies that no dividend is to be made to the shareholder of profit available for distri-

Significant events in 2007

- Shares and property in Svenska Spels Fastighets AB taken over by buyer.
- Launch of the new number game Limbo in January.
- Closure of Limbo in March due to difficulty to control that specified rules are followed.
- Launch of the "Spela lagom" (play with moderation) symbol, yet another responsible gaming measure.

- The Government presents its directives for an 18-month inquiry into modernised and stricter gaming legislation.
- · Svenska Spel decides to introduce compulsory age control on VLTs, and greater control of enforcement of age limits for gaming in retail outlets.
- · Launch of the new responsible gaming tool "Spelkoll".
- Certification in accordance with WLA security standard for lotteries including ISO 27001, Information Security Management System.
- · Decision to close the business area International.

- The two first bingo halls run by Svenska Spel open in Sundbyberg and Skärholmen.
- Svenskaspel.se wins the award for "Socially Responsible Operator of the Year", in a competition arranged by eGaming Review Industry Awards.
- Launch of Oddset Live in retail outlets (live gaming means customers can play Oddset while a match/event is taking place).

Fourth auarter

- · New ethical guidelines for marketing introduced.
- · Launch of subscription service for lotteries.
- Svenska Spel's responsible gaming programme in international cooperation.
- Sale of 51% holding in UAB Winloto in Lithuania.
- · Trial in the Labour Court regarding working hours for certain personnel at Casino Cosmopol.

bution. All profit available is to be distributed as specified by the Government.

The Government licence of 14 December 2006 for AB Svenska Spel to arrange lotteries states that as much of the Company's profits as possible be loaned 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 the 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.

Operational structure

The organisation is structured in two divisions with associated business areas, along with a number of corporate staff units. Divisional and staff unit management report directly to the CEO.

The business model is based on centralisation of long-term planning and strategy issues and decentralisation of the operative business.

Strategic direction

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

This long-term objective will be achieved through the following general strategies:

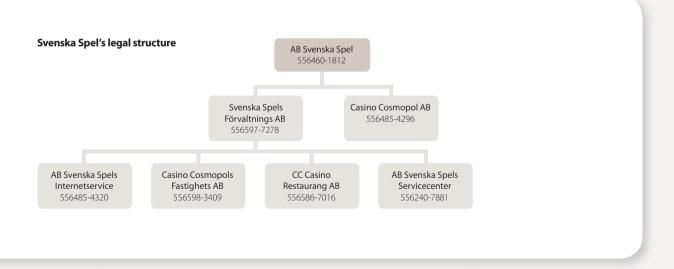
- · A superior service and gaming experience throughout the busi-
- Development of competitive and attractive products and forms of distribution
- World leadership in responsible gaming
- · Brand reinforcement
 - Svenska Spel in the lead, Responsible gaming, Community
- International product cooperation
 - Gaming in pools with other WLA companies
- Stronger customer relationships
- Stronger intellectual capital
 - Higher efficiency, Greater renewal, Balanced risk

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 in identified strategic areas.

Objectives and achievement

Financial objectives and achievement

The Group's financial control objectives consist primarily of the income budget determined 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 2007:

	Budget		Forecast	
SEK million	Objective	Achvmt	Objective	Achvmt
Income budget/forecast				
Operating profit	4,918	5,128	5,077	5,128
Profit after financial items and tax	4,958	5,247	5,141	5,247

Non-financial objectives and achievement

- Satisfied employee index, objective 80%, outcome 86%
- · Leadership index, objective 80%, outcome 67%
- Health index, objective 80%, outcome 74%
- Absence due to illness, objective < 3.5%, outcome 3.78%
- · Percentage positive to Svenska Spel brand, objective 33%, outcome 33%.

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. Revenue from gaming operations is now recognised as a net amount compared to the previous gross amount which was broken down into gaming revenue and paid-out winnings, retailer commissions and other revenue. The net amount is called 'Net revenue from gaming operations, etc.' in the income statement. The previous year comparison is adjusted in accordance with the new policy. There has not been any 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 entertainment purposes, 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 can not entirely be regarded as received on its own behalf. Svenska Spel's revenue therefore consists 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 2007 is the highest since the company was founded in 1996 (+SEK 440 million). The profit includes sales of shares in one of the Group's property companies, but even excluding this effect profit far exceeds that of the previous year (+SEK 347 million, +7.2%).

The profit improvement is a combination of increased revenue and stabilisation of costs. Revenue has increased in all business areas. Operating profit increased by 7.7% compared with 2006 with an operating margin of 23.6%, compared with 23.5% in 2006.

SEK million	2007	2006	Change, %
Gross gaming revenue	21,499	20,071	7.1
Net gaming revenue	9,598	8,905	7.8
Net revenue from gaming			
operations, etc.	7,915	7,351	7.7
Operating profit	5,128	4,763	7.7
Operating profit excluding items affecting comparability	5,035	4,763	5.7
Profit after financial items and tax	5,247	4,807	9.2
Profit after financial items and tax excl. items affecting comparability	5,154	4,807	7.2
Operating margin, %	23.6	23.5	
Excluding items affecting comparability, %	23.2	23.5	
Total assets	7,968	7,076	12.6
Equity	5,248	4,810	9.1
Cash flow from operating activities	5,224	5,318	-1.8
Investments in property, plant and equipment	172	254	-32.3
Investments in intangible assets	33	95	-64.6
Net investments in financial assets	-148	64	-330.4
Equity ratio, %	65.9	67.9	
Market share regulated market, %	56	55	
Earnings per share, SEK thousand	2,624	2,404	9.2

Items affecting comparability

Profit after financial items and tax includes profit from the sale of shares in Svenska Spels Fastighets AB. Capital gain on disposal of the shares was SEK 93 million.

The positive profit trend for profit after financial items and tax excluding items affecting comparability largely pertains to increased net revenue from gaming operations.

Development by business area

Consolidated net gaming revenue (gross gaming revenue less winners' share) has increased in relation to the previous year by SEK 693 million or 7.8%.

All business areas show an increase in comparison to the previous

enska Spel Group tal	9,598	8,905	693	7.8
	2,342	1,855	487	26.3
igo Halls business area	8	_	8	
sino business area	1,153	1,002	151	15.1
ernet & Mobile siness area	1,181	853	328	38.3
tail Division, total	7,256	7,050	206	2.9
sociation business area	21	5	16	333.8
staurant business area	1,928	1,822	106	5.8
tail Outlet business area	5,307	5,223	84	1.6
gaming revenue, SEK million	2007	2006	Change, SEK million	Change, %
ery ili	2007	2006		

Consolidated net revenue from gaming operations etc amounts to SEK 7,915 million (7,351), an increase of SEK 564 million or 7.7%.

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 8,445 million (7,903). The Parent Company's share of total consolidated net gaming revenue is 88.0% (88.8).

Profit after financial items and tax amounts to SEK 5,133 million (4,766), a profit improvement of SEK 367 million or 7.7%.

Investments in property, plant and equipment were SEK 125 million (206) and investments in intangible assets were SEK 33 million (89). The average number of employees is 700 (647), of which 61% are men (59).

Human Resources

The number of employees in the Group at the end of the year was 2,281 (1,945). This represents an average of 1,588 (1,486) employees in 2007. 53% of the employees are men (53) and 47% are women (47).

Salaries are individual and differentiated. Salary and salary development is based on job tasks, competency and performance. An annual salary review is made to analyse and identify deviations from the adopted guidelines. Action plans are implemented if the analysis indicates need of adjustment.

The Salaried Employees Union (HTF) sued Casino Cosmopol for breach of the collective bargaining agreement pertaining to the Company's interpretation of payment for inconvenient working hours was part of the fixed monthly salary. The Labour Court has found the company guilty of a breach of the agreement.

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 in 24 months had absence due to illness of less than 3.5% amounts to 74%, an increase in relation to the equivalent measurement in 2006. Absence due to illness is 3.8%, a reduction of 0.8% in relation to 2006

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 focuses on areas where specific risk assessment is to be made, and 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.

The various risks in each unit are coordinated and followed-up by an independent risk management function – the Risk Manager – who is responsible for administrating the Group's overall risk management 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 to become business risks. Gaming within the EU is not harmonised, but is regulated on a national basis and to a large extent coordinated within individual countries.

Current risks in this area include the EU's breach of treaty case against Sweden, along with the current gaming inquiry which has an unpredictable outcome.

Competition on 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 payback to winners is a tangible business risk, as competitors are able to offer higher payback than Svenska Spel can under its current licences. 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 personal and financial risks. Personal risks are primarily related to stress, sickness and vulnerability. Employee turnover and dependence on key persons are also

Financial risks are generally considered to be on a low level. The Svenska Spel Group is self-financing primarily due to its operational costs being covered by its cash flow with a considerable margin. The Group does not have any interest-bearing liabilities. Management of the Group's financial risks is regulated by its financial and credit policies. Management of these risks within the Group are handled by the Finance staff function.

The Group only operates in Sweden but is exposed to certain currency risks arising from currency exposure involved in 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 is largely independent of changes in market inter-

est rates. The accrued surplus of cash is lent quarterly to the National Debt Office.

Risks for credit losses are deemed to be limited as gaming on credit is prohibited, meaning 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 its financial commitments.

The Group places surplus liquidity with its main banking connection in an account with special terms of interest prior to it being lent 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 non-restricted equity which is each year paid in its entirety to the Swedish Sports Confederation, the National Board for Youth Affairs and the owner. The cash flow statement presented in the 2007 accounts provides a summary of the anticipated cash flow for 2008.

Further detailed information can be found in the section accounting and valuation policies on pages 84-85.

Corporate Social Responsibility (CSR) report

Svenska Spel is publishing a CSR Report for the fourth year. The report is based this year 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 Svenska Spel's key area of responsibility. In 2007 Svenska Spel introduced an 18-year age limit on all games other than lotteries in retail outlets and introduced a responsibility message in all its commercial advertising. Svenska Spel has signed the code created by European Lottery for how gaming companies are to work with responsible gaming. The Code will be implemented in the business in 2008. Svenska Spel has also developed the "Spelkoll" service – a tool which helps customers to maintain their gaming on a healthy level. The aim is to implement "Spelkoll" 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 more restrictive new guidelines for marketing in addition to the limitations which generally apply to the industry.

Environment

During the year, Svenska Spel has developed guidelines for purchasing goods and services with specific environmental guidelines in the areas of food, transport, electronics, printed materials and property. In 2008 travelling will be optimised and transportation reduced. 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 and as a result Svenska Spel became the ninth company in Sweden to achieve certification in accordance with ISO 27001 – Information Security Management System.

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 role is to be filled with employees who meet the competency requirements. During the year, Svenska Spel started a new management education in conjunction with Gotland University.

Work of the Board of Directors in 2007

According to the Articles of Association, the Board shall comprise of not less than three and no more than ten directors. In addition, there are three ordinary employee representatives which are backed by three alternates. The Company's General Counsel is Secretary of the

The CEO is not part of 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 has is entitled and obliged to deal with every matter it considers of importance for the Parent Company and the

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 set up 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 Procedure, 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.

During the 2007 financial year, the Board held 11 minuted meetings. The key subjects were:

Nr 1 2007:	Financial statements, press release for interim and
	year-end result
Nr 2 2007:	Company and owner matters
Nr 3 2007:	Annual report, audit report
Nr 4 2007:	Interim report, first quarter
Nr 5 2007:	Investment matters and permit applications
Nr 6 2007:	Statutory meeting after the AGM
Nr 7 2007:	Owner's changed assignment and company matters
Nr 8 2007:	Interim report, second quarter, and strategic plan for
	business direction
Nr 9 2007:	Investment and agreement matters and responsible $% \left\{ \left\{ 1,2,,n\right\} \right\} =\left\{ 1,2,,n\right\}$
	gaming measures
Nr 10 2007:	Interim report, third quarter
Nr 11 2007:	Business plan and budget as well as organisational
	changes.

Svenska Spel has no nomination process. The process of election 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.

Composition of the Board, 2007

	A. Board	B. Benefits Committee	C. Audit Committee
Members elected by the AGM			
Anders Gustafzon	Chairman	Chairman	
Stefan Borg ¹	Director		
Björn Fries ¹	Director		Director
Karin Johansson	Director		Director
Lena Jönsson ¹	Director	Director	
Lars-Åke Lagrell ²	Director		
Lena Melinder	Director		Chairman
Kjell Nordström ²	Director		
Lars Otterbeck ¹	Director	Director	
Marianne Samuelsson ²	Director		

Employee representatives

Anders Andersson	Director
Håkan Bergström ²	Director
Britta Höglund	Alternate
Lina Ingelsson ¹	Alternate
Sabina Lindkvist	Alternate
Bertil Sandström	Director
Elin Sundin	Director

- 1. Elected at the AGM on 25 April 2007.
- 2. Left the Board in conjunction with AGM on 25 April 2007.

Benefits to senior executives

The policies for benefits to the CEO and other Key management were last adopted at the AGM on 25 April 2007. The policies are presented in the corporate governance report on page 102.

Outlook for 2008

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, the Government presented its directives for an inquiry into future gaming politics. This inquiry is to be completed by 15 December 2008 and will, following a process of submissions, proposed law and legislation, form the basis of a modernised gaming legislation. The Company's future is thus dependent on political decisions, but can obviously also be impacted by the commercial activities over which it has control. There is tangible risk however that during the period the legislation is being developed, precaution will prevail in relation to new or changes in gaming forms in the regulated gaming market. Meanwhile, foreign operators can continue to operate unhin-

Svenska Spel's overall strategy is to offer new and improved games, balanced with responsible gaming, which attract consumers and thus channel gaming to Svenska Spel. Market demands for gaming operators to take more responsibility are also positive for Svenska Spel's future prospects, as highlighted by its poker success.

Svenska Spel currently has a two-year extension of the licence that expired at the end of 2006, a two-year extension for its casinos, and a half-year extension for internet poker. None of the licensing changes deemed necessary to support the overall strategy have so far been implemented.

If access to this market continues to be withheld due to licences not being granted for new products and distribution forms, players will continue to identify other alternatives. There is clearly a risk of less control of gaming and that the Company's net gaming revenue will show a strong decline in favour of the non-regulated alternatives.

In the short-term, based on current strategies, there are opportunities 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

Events after balance sheet date

At year-end a new organisation was introduced which involved closing the former divisions Direct and Retail. They are replaced by the Games and Lotteries (SoL) Division comprising the Retail Outlet, Internet & Mobile, and Association business areas. The other Division, BRK, comprises Bingo Halls, Restaurant Gaming and Casino. The new organisation is expected to generate productivity gains as a result of better utilisation of synergies between the business areas in the new divisions.

Proposed distribution of profits

Svenska Spel's Articles of Association stipulate that all available profits are to be distributed as prescribed by the Swedish 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 2007/08 budget proposal. The 2003/04 budget proposal states that a profit distribution system based on AB Svenska Spel's total surplus is to 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 represent 50% of profits after deduction of the base amount.

In its 2007/08 budget proposal, the Government requests parliamentary approval for its proposal that the 2008 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 2007 profits from the new Penninglotten to art, theatre and other cultural purposes.

Non-restricted equity in the Parent Company amounted to SEK 5,247,536,635, of which SEK 5,133,435,445 consists of profit for the year and SEK 114,101,190 consists of retained earnings.

Dividends are to be paid following the adoption of the minutes of the AGM with dividends to the Swedish State made by 30 June. Dividends to other parties are made on requisition.

Non-restricted equity in the Parent Company

S	Ε	K	
_	_	_	

Total	5,247,536,635
Profit for the year	5,133,435,445
Retained earnings	114,101,190

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

Paid out	Prop	class
560,000,000	2007/08	17
		_
834,490,000	2003/04	2
195,744,000	2003/04	2
311,000	2007/08	17
3,656,924,000	2003/04	2
67,635		
5,247,536,635		
	834,490,000 195,744,000 311,000 3,656,924,000 67,635	834,490,000 2003/04 195,744,000 2003/04 311,000 2007/08 3,656,924,000 2003/04 67,635

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 2008. The Board has proposed that AB Svenska Spel's profit available for distribution for the 2007 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 shown in the latest balance sheet. After payment in accordance with the profit distribution, AB Svenska Spel will have non-restricted equity of SEK 67,635 and total equity of SEK 307,635, not including changes that occurred after balance sheet date.

If changes after balance sheet date are also included, nonrestricted 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 vary over time but are nevertheless considered secure due to the market the Company operates in 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 any investments required to ensure continued development and 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 Parent Company and consolidated equity, as well as with respect to the Parent Company and Group's consolidation requirements, liquidity and general position.

Consolidated income statement

1 January – 31 December			
SEK million	Note	2007	2006
Net revenue from gaming operations, etc.	2, 3	7,915	7,351
Other income	4	93	_
Capitalised work for own account		20	89
Employee expenses	6	-895	-804
Other external expenses	7	-1,696	-1,612
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	-309	-261
Operating profit	24	5,128	4,763
Profit on financial investments			
Share of profit of associates		_	3
Profit on sale of investments in subsidiaries	4	-4	_
Finance income	8	215	118
Finance expenses	8	-90	-76
Total finance income and expenses		121	45
Profit after financial items		5,249	4,808
Tax	9	-2	-1
PROFIT FOR THE YEAR		5,247	4,807
Profit attributable to equity holders of the Parent Company		5,247	4,807
Earnings per share	17		
Average number of shares		2,000	2,000
Earnings per share, before and after dilution, SEK thousand		2,624	2,404

Consolidated balance sheet

SEK million	Note	31 Dec. 2007	31 Dec. 2006
ASSETS			
Non-current assets			
Intangible assets	5, 10	269	321
Property, plant and equipment	11	1,024	1,353
Financial assets	12	1,137	1,262
Total non-current assets		2,430	2,936
Current assets			
Trade and other receivables	12, 13	426	370
Set off National Debt Office	12, 26	1,400	1,000
Prepaid expenses	14	72	89
Current investments	12	269	37
Cash and cash equivalents	12, 15	3,371	2,643
Total current assets		5,538	4,139
TOTAL ASSETS		7,968	7,076
TOTAL EQUITY AND LIABILITIES			
Equity	16		
Share capital		0	0
Reserves		0	0
Retained earnings including profit for the year		5,247	4,807
Equity attributable to equity holders of the Parent Company		5,248	4,807
Minority interest		_	2
Total equity		5,248	4,810
Non-current liabilities			
Unpaid winnings	18	1,076	1,001
Other non-current liabilities	19	43	34
Provisions for pensions	20	16	18
Total non-current liabilities		1,134	1,054
Current liabilities			
Trade and other payables	12, 21	644	482
Unpaid winnings	18	436	384
Deferred income	23	81	81
Settlement funds	22	95	67
Compulsory investment reserves	22	330	198
Total current liabilities		1,586	1,212
Total liabilities		2,721	2,266
TOTAL EQUITY AND LIABILITIES		7,968	7,076

Consolidated cash flow statement

1 January – 31 December SEK million	Note	2007	2006
Operating activities			
Profit for the year		5,247	4,807
Adjustments for items not included in cash flow			,
Amortisation, depreciation and impairment of property,			
plant and equipment and intangible assets	10, 11	309	261
Proceeds from sale of property, plant and equipment		-94	-3
Change in pension provisions	20	-3	2
Other adjustments		-23	-6
Current tax		_	_
Cash flow from operating activities before			
changes in operating assets and liabilities		5,436	5,061
Cash flow from changes in operating assets and liabilities			
Change in trade and other receivables		-55	-10
Change in other current assets		-615	147
Change in trade and other payables		163	44
Change in other operating liabilities		295	75
Cash flow from operating activities	8	5,224	5,318
Investing activities			
Purchases of property, plant and equipmentr	11	-172	-254
Investments in intangible assets	10	-33	-95
Net investments in financial assets	12	148	-64
Sale of financial assets		365	_
Proceeds from sale of property, plant and equipment		3	8
Cash flow from investing activities		311	-405
Financing activities			
Distribution of previous year's profit		-4,807	-4,569
Cash flow from financing activities		-4,807	-4,569
Cash flow for the year		728	344
Cash and cash equivalents at beginning of the year	15	2,643	2,299
Cash and cash equivalents at end of the year	15	3,371	2,643

Consolidated statement of changes in equity

SEK million	Note	Share capital	Reserves	Retained earnings incl. profit for the year	attributable to equity holders of the Parent Company	Attributable to minority interest	Total equity
Equity 31 December 2005	16	0.2	0	4,569	4,569	_	4,569
Profit for the year				4,807	4,807	0	4,807
Total recognised revenue and	costs			9,376	9,376		9,376
Distribution pertaining to 2005				-4,569	-4,569	_	-4,569
Transactions with minority					2	2	2
Equity 31 December 2006		0.2	0	4,807	4,810	2	4,810
Profit for the year				5,247	5,247	0	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 minority					-2	-2	-2
Equity 31 December 2007		0.2	0	5,247	5,248	0	5,248

Income statement, Parent Company

1 January – 31 December			
SEK million	Note	2007	2006
Net revenue from gaming operations, etc.	2	6,699	6,279
Capitalised work for own account		20	89
Employee expenses	6	-468	-427
Other external expenses	7	-1,487	-1,450
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	10, 11	-248	-178
Operating profit		4,516	4,313
Profit on financial investments			
Share of profit of associates			3
Share of profit of Group companies	27, 28	519	381
Share of profit from investments in subsidiaries	4	-4	_
Finance income	8	223	145
Finance expenses	8	-120	-76
Total finance income and expenses		618	453
Profit after financial items		5,133	4,766
Tax	9		
PROFIT FOR THE YEAR		5,133	4,766

Balance sheet, Parent Company Assets

SEK million	Note	31 Dec. 2007	31 Dec. 2006
ASSETS			
Non-current assets			
Intangible assets	5, 10	266	317
Property, plant and equipment	11		
Buildings and land		24	25
Construction and extension		19	16
Construction in progress		_	2
Equipment and computers		406	449
Financial assets			
Investment in Group companies	27	71	151
Non-current receivables, Group companies		570	790
Other investments held as non-current assets	12	1,137	1,262
Total non-current assets		2,493	3,013
Current assets			
Current receivables			
Trade receivables	13	393	327
Receivables from Group companies		531	433
Set off National Debt Office	12, 26	1,400	1,000
Other receivables	13	15	26
Prepayments and accrued income	14	57	83
Investments	12	283	68
Cash and bank	15	3,205	2,463
Total current assets		5,884	4,401
TOTAL ASSETS		8,377	7,414

Balance sheet, Parent Company Equity and liabilities

SEK million	Not	31 Dec. 2007	31 Dec. 2006	
TOTAL EQUITY AND LIABILITIES				
Equity	16			
Restricted equity				
Share capital		0	0	
Statutory reserve		0	0	
Non-restricted equity				
Retained earnings		114	155	
Profit for the year		5,133	4,766	
Total equity		5,247	4,921	
Provisions				
Provisions for pensions	20	15	16	
Total provisions		15	16	
Non-current liabilities				
Liabilities to Group companies		0	0	
Unpaid winnings	18	1,076	1,001	
Other non-current liabilities	19	43	34	
Total non-current liabilities		1,119	1,036	
Current liabilities				
Trade payables	21	210	213	
Unpaid winnings	18	436	384	
Liabilities to Group companies		569	339	
Settlement funds	22	95	67	
Compulsory investment reserves	22	312	186	
Other current liabilities	21	165	128	
Accrued expenses and deferred income	23	209	124	
Total current liabilities		1,995	1,441	
TOTAL EQUITY, PROVISIONS AND LIABILITIES		8,377	7,414	
MEMORANDUM ITEMS				
Pledged assets	25	1	2	
Contingent liabilities	25	_	0	

Cash flow statement, Parent Company

1 January – 31 December SEK million	Note	2007	2006
<u> </u>		2007	2000
Operating activities			
Profit for the year		5,133	4,766
Adjustments for items not included in cash flow			
Amortisation, depreciation and impairment of property,			
plant and equipment and intangible assets	10, 11	248	178
Proceeds from sale of non-current assets		0	-4
Anticipated dividend Casino Cosmopol AB	28	-519	-381
Change in pension provision	20	-1	1
Other adjustments		-21	-9
Current tax			
Cash flow from operating activities before		4.041	4.550
changes in operating assets and liabilities		4,841	4,550
Cash flow from changes in operating assets and liabilities			
Change in trade receivables		-66	-21
Change in other current assets		-675	137
Change in trade payables		-3	-34
Change in other operating liabilities		642	28
Cash flow from operating activities		4,739	4,661
Investing activities			
Purchases of property, plant and equipment	11	-125	-206
Investments in intangible assets	10	-33	-89
Net investments in financial assets	12	586	68
Proceeds from sale of property, plant and equipment		2	7
Dividends received		381	381
Cash flow from investing activities		810	161
Financing activities			
Distribution of previous year's profit		-4.807	-4.569
Cash flow from financing activities		-4,807	-4,569
Cash flow for the year		742	253
Cash and cash equivalents at beginning of the year	15	2,463	2,210
Cash and cash equivalents at end of the year	15	3,205	2,463

Statement of changes in equity, Parent Company

		Restric	ted equity	Non-restrict			
SEK million	Note	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity	
Equity 31 December 2005	16	0.2	0.1	158	4,566	4,724	
Profit for the year				_	4,766	4,766	
Total recognised revenue and costs			158	9,332	9,490		
Distribution pertaining to 2005				-2	-4,566	-4,569	
Equity 31 December 2006		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	

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 endorsed by the European Union (EU) for application within the EU with the supplements and 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 polices 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 30.

Changed accounting policies

There have been no changes to accounting policies in comparison with the previous financial year, with the exception of the application of IAS 18 - Revenues, point 8.

Standards and interpretation statements applicable from 1 January 2007

The following changes in standards and interpretation statements have been analysed with regard to their impact on the consolidated financial reports.

Supplements to IAS 1 – Presentation of Financial Statements Changes in the new standard mean that disclosures are required regarding objectives, policies and processes for managing the Group's capital and capital base expressed in ways such as performance targets, equity ratio targets and dividend policy. The changes involve minor adjustments in the Group's disclosures.

IAS 7 – Financial instruments: Disclosures

The changes involved in the new standards involve such aspects as the requirement for quantitative disclosures on financial risks and qualitative information on policies, objectives, objectives for risk management and accounting policies. The changes involve minor adjustments in the Group's disclosures.

IFRIC 7, 8, 9 and 10 have not had any effect on the Group's reporting.

Standards and interpretation statements that have been published but are not yet effective.

The following new standards and interpretation statements are expected to affect Svenska Spel in its future financial reports.

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

Note 1, cont.

and applies to financial years that start after that date. The Group has not yet evaluated how this will effect the presentation of the consolidated financial reports.

IFRS 8 - Segment reporting

The new standard, which is effective 1 January 2009, primarily involves the segments of the Group being identified and reported based on the internal operational reporting used by the Group's appointed Chief Operating Decision Maker (CODM). As the Group's identification of segments is already based on the internal operational reporting, it is judged that the new standard does not involve any changes in segment reporting.

Supplement to IAS 23 – Borrowing costs

The current standard provides the opportunity to decide to capitalise borrowing costs or include borrowing costs in the cost of the asset which pertains 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.

IFRIC 11, 12, 13 and 14 are not expected to have any effect on consolidated reporting.

Classification

Fixed assets and non-current liabilities consist substantially of the amounts expected to be recovered or paid more than 12 months after the 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 means 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

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

Elimination of inter-company transactions

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.

Segment reporting

The Group's internal reporting system is based on monitoring the return on the Group's goods and services, making business segments the primary grounds for segmentation. The segmentation into primary segments reflects the internal organisational structure with division into business areas. Secondary segments are not reported as a geographic division is not relevant when all operations are in Sweden.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other surplus value 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 into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange gains and losses that arise on payment of such transactions and on translation of monetary assets and liabilities in foreign currency at the rate on balance sheet date are recognised in the income statement. 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.

hand		

Currency	Closing day rate 31 Dec. 2007	Closing day rate 31 Dec. 2006
USD	6.4925	6.8975
EUR	9.4985	9.0750
GBP	12.9350	13.5175

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 the cost of the asset can be reliably measured. The carrying amount for the replaced part 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 that consists of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount for 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 from use of the asset. Profit or loss that arises on 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 policies

Depreciation is made 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 are reassessed from time to time, and at least once per year in connection with the closing of the books.

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

Borrowing costs

Borrowing costs for non-current assets are not capitalised at cost but are charged to the profit for the period to which they pertain. The Group has no interest-bearing liabilities.

Intangible assets

Costs that lead 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 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 are incurred. 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 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 a continuous basis, as is development work to enhance existing gaming and lottery products. Amortisation is done 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.

Amortisation periods	Number of years
New applications for gaming products	3 (3)
System platforms for new gaming products	5-10 (5-10)

Impairment of non-financial assets

The carrying amounts for the Group's assets are tested at each balance sheet date to establish whether there are any impairment indicators. If such indication emerges, the asset's recoverable amount is calculated. The recoverable amount for goodwill, as well as other 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.

Calculation of recoverable amount

The recoverable amount of assets which are carried at accrued cost are determined using present value of future cash flow discounted at the effective rate of interest that applied when the asset was first recognised. Assets with short maturities are not discounted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The recoverable amount of other assets is the higher of value in use and the fair value less costs to sell the asset. Value-in-use calculations project future cash flows using a discount rate that assumes risk-free interest, market risk and specific risks relating to the asset. 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.

Reversals of impairment losses

Impairment of held-to-maturity investments or loan receivables and trade receivables that are carried at accrued cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that incurred after the impairment was made. Goodwill impairments are not reversed. Impairment of other assets is reversed if there has been a change in the assumptions that underlie determination of the recoverable amount. An impairment is only reversed back to the carrying amount the asset would have had if the impairment had not been made, taking into account the amortisation/depreciation that would otherwise have been made.

Financial instruments

Financial investments are classified as either financial assets and liabilities at fair value in the income statement, investments held to maturity, loan receivables and trade receivables, financial assets held for sale, and other financial liabilities. 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 balance sheet. The instrument is recognised according to its classification. Financial assets valued at fair value via the income statement are initially recognised at fair value, while assets pertaining to transaction costs are recognised in the income statement. Classification of financial assets and liabilities is determined by management on initial recognition and retested on each subsequent reporting date.

A financial asset or liability is taken to 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 been transferred and the Group has transferred essentially all 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.

Acquisition and sale of financial assets are recognised on the transaction date, which is the date when the Company contracts to acquire or sell the asset, except in those cases where the acquisition or sale pertains to listed securities which are recognised on settlement day.

Financial assets and liabilities at fair value through profit and loss A financial asset or liability valued at fair value via profit and loss is classified either as held for trading or is identified as a financial instrument at fair value via profit and loss at initial recognition.

Financial assets and liabilities held for trading (currency forward agreements)

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

Financial assets and liabilities at fair value via profit and loss at first recognition

Financial investments in bonds with a real rate of interest intended to provide funds for future payments of winnings in Triss Månadsklöver are shown in the balance sheet as 'Financial assets/Other investments held as fixed assets' and 'Investments' respectively, and classified in this category.

Changes in value of investments in bonds with a real rate of interest based on the listed market prices of such bonds, and realised profits on sale of these investments are recognised in the income statement as 'Finance income' or 'Finance expenses' in the period they arise.

Financial liabilities pertaining to unpaid winnings for the Triss Månadsklöver lottery

Classification of this liability item and the associated asset item is based on the investments initially being identified as items at fair value via profit

Note 1, cont.

and loss. That the asset item with its content of bonds with a real rate of interest and liability items representing future payments to winners in Triss Månadsklöver are valued according to the same principle of fair value leads to relevant information. The alternative that the asset item is valued at accrued cost and the liability at fair value leads to inconsistencies in valuation and recognition of profit/loss on different grounds.

Other financial liabilities

Financial liabilities that are not held for trading are valued at accrued cost. The accrued cost is decided based on the effective interest calculated when the liability was taken up, which means that surplus value and undervalue are distributed over the period of the liability.

Trade and other payables

Trade and other payables have short expected due dates and are valued without discounting at the nominal amount.

Settlement fund

Lottery and game winnings that are not claimed become invalid 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 kronor and the excess amount transferred to the settlement fund.

The settlement fund is used to cover payments of winnings for approved claims, and can be used to return funds to winners by, for example, increasing the frequency of winnings or top up certain winning categories during campaigns.

Compulsory investment reserves

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.

Investments held to maturity

Financial assets held to maturity are non-derivative financial assets, with determined or determinable payments and determined maturity, which are held with the intention of being held to maturity. Should the Group sell more than an immaterial amount in the category held-to-maturity financial assets, the entire category must be reclassified (so called tainting) to the category available-for-sale financial assets.

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 maturity of between three and twelve months are classified under this category where they are intended to be held to maturity. Recognition is at accrued cost with application of the effective interest method.

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 accrued cost less any allowance for any fall in value. As the expected maturity is short, the valuation is at the undiscounted nominal amount expected to occur. Individual assessments are made if there is objective evidence of impairment requirement. Impairment of trade receivables is recognised under operating costs.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets which are classified as being available for sale. 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.

Cash and cash equivalents

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.

Inventories

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 food raw materials for the restaurant operations run within the Group. Inventory is recognised in the balance sheet under Trade and other receivables.

Taxes

The Parent Company, AB Svenska Spel, and its subsidiary, Casino Cosmopol AB, are exempt from liability to pay taxes on income from business operations 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 on the whole 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 where 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 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 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

Employees within the Svenska Spel Group with permanent positions or who are employed for a trial period are covered by the ITP plan administered by Alecta. The Parent Company also has older obligations that are secured through the Svenska Spel Pension Fund. Pensions are paid out on a regular basis by AB Svenska Spel, which is 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. All Group pension plans are defined benefit plans. According to a statement from the Swedish Financial Reporting Board UFR 2, the type of pension plans are to be classified as defined benefit plans under the ITP plan.

Alecta, 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 beneficiaries. 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 of an employee before the 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.

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 time that the payment is made is significant, provisions are determined by discounting the expected future cash flow at a pre-tax interest rate that reflects the current market estimate of the value of the money at that time. The majority of these provisions comprise provisions for pensions.

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

Onerous contract

Provisions for onerous contracts are recognised when the benefits the Group expects to receive from a contract or agreement are lower than the unavoidable costs for meeting the obligations in the contract.

Revenue recognition

Svenska Spel has changed its policy for recognition of revenue from gaming operations. It is now recognised as a net amount compared to the gross recognition used previously with allocation between gaming revenue, paid-out winnings, commission to retailers and other revenue. The net amount is called 'Net revenue from gaming operations, etc.' in the income statement. The comparison figure for the previous year is adjusted in accordance with the new policy. There has not been any impact on operating profit or profit for the year.

The reason for the change in policy 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 entertainment purposes, to redistribute funds between participants in lotteries and games. The payments made by buyers of lotteries or games are therefore considered to be substantially made on behalf of the participants. Svenska Spel's revenue thus consists of the net surplus generated from providing the platforms for various games and lotteries

Note 2 shows the allocation of player stakes, commissions paid to retailers, paid-out winnings 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 time 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 time of sale, and in practice when the gaming tables or VLTs are closed. Revenue from casino games is reported daily, while revenue from games and lotteries as well as restaurant VLTs is reported on a weekly basis. When a week is split over a month-end, the week is attributed to the month that the greater part belongs to. 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 (Lången, Matchen, Bomben, Mixen) fulfil the definition of derivatives and are therefore to be regularly revalued and recognised at fair value. The Company lacks system 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 operations, leasing income from leased VLTs and premises, casino entrance fees, registration fees and the sale of promotional material. These revenues are recognised in the period to which they relate.

Interest income is calculated using the effective interest method and recognised in the period to which it relates. Effective interest is the interest which makes the present value of all estimated future receipts and payments during the fixed interest term equal to the carrying amount of the receivable or liability.

Leased assets

Leasing is classified in the consolidated financial statements as operating or financial. Financial 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 financial 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 deemed to be operating leases.

Leasing agreements where the Group is the lessee relate essentially to leased premises. Leasing agreements where the Group is the lessor relate primarily to leasing of terminals to gaming retailers.

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. The recognised cash flow only includes transactions that involve incoming and outgoing payments.

Parent Company's accounting policies

The Parent Company applies the same accounting policies as the Group except as specified below

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 EUapproved 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 differences between the accounting policies of the Group and the Parent Company are as follows.

The following accounting policies for the Parent Company have been applied consistently to all periods presented in the financial statements of the Parent Company.

Cash and cash equivalents

Cash and cash equivalents consist of cash, balances at banks and similar institutes 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 (Tryggandelagen).

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

Note 1, cont.

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

Financial risk factors

The Group is exposed to various financial risks through its operations: market risk comprising foreign exchange risk, interest risk at fair value, interest risk in cash flow along with 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 result. The Group uses derivatives to hedge risk exposure in future foreign currency transactions.

Risk is managed by a central finance department in conjunction with a risk manager 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 makes written policies for overall risk management as well as for specific areas such as foreign exchange risk, interest risk, credit risk, use of financial instruments and investment of surplus liquidity.

Market risk

Foreign exchange risk

The Group is only operative in Sweden but is exposed to foreign exchange risks that arise from currency exposures pertaining to purchasing of specialised equipment and printing of lottery tickets. The exposure is to USD, EUR and GBP. Foreign exchange risk arises only through future business transactions since the Group does not have any assets or liabilities in currencies other than SEK nor any net investments in foreign operations.

The Group's finance policy requires that it handle foreign exchange risk against the functional currency by using hedging instruments. This means 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 that involve significant insecurity, e.g. with regard to the currency and size of the flow, are not to be hedged before the contract is signed.

The Group's transaction exposure expressed in SEK million is allocated amongst the following currencies:

Currency	2007	2006
EUR	80.7	73.2
USD	40.4	147.2
GBP	1.6	6.7
Total	122.7	227.1

As more or less all consolidated revenue and expenses consist of payments in SEK and 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 had no short-term impact on consolidated profit.

Interest risks pertaining to cash flow and fair value

As the Group has no interest-bearing net assets in addition to the cash and cash equivalents generated during each financial year, the Group's revenue and cash flow from operating activities is to a limited extent dependent on changes in market interest rates. The accrued surplus of cash and cash equivalents is lent quarterly to the National Debt Office. The Group has no interest-bearing liabilities. Overall this means that there is limited exposure to fluctuations in interest rates pertaining to cash flow. The Group does not use interest swaps to translate variable interest to fixed interest.

A change in market interest rates of one percentage unit has a profit effect of up to SEK 25 million on an annual basis.

The Group's interest risks pertain to interest rate fluctuations that affect investments in real rate interest rate bonds and other surplus liquidity investments

Real interest rate bonds are used to hedge the Group's commitments to winners in Triss Månadsklöver. Svenska Spel pays a one-off amount to an independent administrator for every 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 liability to winners is upwardly adjusted annually according to the Consumer Price Index. To manage interest rate risk relating to real rate of interest 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 the same as the liability to the winner, and that the portfolio's interest rate sensitivity to real interest rate bonds corresponds to that of the liability as far as possible.

Overall, the interest risk associated with the holding of real interest rate bonds is balanced by interest rate exposure for the equivalent liability to winners of the Triss Månadsklöver. Thus the interest rate risk pertaining to the fair value of real interest rate bonds is negligible.

A lesser part of the Group's cash and cash equivalents is invested in financial instruments which largely comprise zero coupon bonds and prime commercial papers which are held to maturity. For the portfolio held at the end of the year, each percentage unit change in market interest would cause a profit fluctuation of SEK 2-3 million.

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. Credit risk arises through placement of cash and cash equivalents and other balances at bank and financial institutions. Exposure to credit risk also arises in funds that are generated on an ongoing basis at retailers, associations and restaurants who sell the Group's range of games and lotteries on an assignment basis.

This type of credit risk pertains 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 purpose of the policy is to limit the risk of a counterparty not being able to fulfil its obligations by choosing creditworthy counterparties and by limiting the commitments with each counterparty.

The routines for approval of gaming retailers and restaurants are prepared in detail and are based on placing retailers in 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 the retailer meets his obligations. Funds are collected weekly by autogiro and retailers that do not pay on time are terminated in accordance with specific rules. Credit losses are presented in the following table.

Credit losses	2007	2006
Provision at the beginning of the year	2.1	1.9
Allocation for suspected losses	1.7	1.5
Actual losses	-1.0	-0.8
Recovered prior allocations	-1.0	-0.5
Provision at the end of the year	1.8	2.1

The Group places surplus liquidity at its main banking connection in an account with special terms of interest prior to it being lent on a quarterly basis to the National Debt Office. To a limited extent, surplus liquidity is invested in zero coupon bonds and commercial papers with a better return than placement in bank accounts with special terms. The scope of the investments is presented in Note 12.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not have access to 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 builds up substantial amounts of cash and cash equivalents and non-restricted equity which is each year paid in its entirety to the sporting movement, the National Board for Youth Affairs and the owner.

The financial liabilities consist of unpaid profits, funded winnings and supplier liabilities. The liquidity risk in financial liabilities pertains 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 all 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 over a period of up to 25 years. This lottery is administrated by a third party and based on funds being paid for each winner to the administrator to cover all future payments to the winner.

The cash flow statement presented in the 2007 accounts provides a good summary of the anticipated cash flow for 2008.

Capital risk

Normally the objective for capital structure is to secure the Group's ability to continue its business and to create an optimal capital structure to be able to hold down its costs of capital.

Svenska Spel works under special conditions in a regulated market with restricted equity in the Group of SEK 200 thousand. The Group has no interest-bearing liabilities. The Group generates a substantial annual surplus which builds up the non-restricted equity of the Parent Company and the Group which, following the resolution of the next AGM, is distributed in its entirety to sport, youth and the owner.

The Group's equity ratio has traditionally been around 65–70%, which means that the Group's capital structure is in a good position compared to the majority of listed companies.

Calculation of fair value

Fair value of financial instruments traded on an active market are based on quoted market prices (purchase quotations) on the balance sheet date. The Group's holding of financial instruments consists, in accordance with the Group's finance policy, only of market-quoted financial instruments. The Group has no interest rate swaps. Fair value of currency forward agreements is established based on their quoted rates on balance sheet date.

The carrying amount of trade receivable and trade payables is assumed to represent their fair value as the nature of these items is short-term.

Note 2 Revenue per key category

			Parent Company	
SEK million	2007	2006	2007	2006
Sale of services				
Gross revenue from gaming	21,499	20,071	20,346	19,069
Winners' share (incl. unclaimed winnings)	-11,852	-11,114	-11,852	-11,114
Commissions	-1,916	-1,787	-1,916	-1,787
Sale of goods				
Revenue from restaurant operations	94	86	_	_
Cost of sales	-33	-29	_	_
Leasing income				
Leasing of terminals	52	54	52	54
Leasing of premises	_	9	_	_
Other	71	61	69	57
Total net revenue from gaming operations, etc.	7,915	7,351	6,699	6,279

Note 3 Segment reporting

The segmentation into primary segments reflects the internal organisational structure into business areas. Internal prices between different Group segments are set so that the selling party receives the full revenue after deduction of winners' share, retailer commissions, payment to retailer for winnings payment, registration fees, etc.

The reporting shows the allocation of revenue and costs along with the assets and liabilities in the following business areas: Retail Division which consists of the segments Retail Outlet, Restaurant and Association, and the Direct Division which consists of Internet & Mobile, Casino and Bingo Halls. 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 Casino business area. The other business areas such as Retail Outlet, Restaurant and Internet & Mobile, are run in 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 principles as for the Group. The Group's segmentation into primary segments reflects the internal organisation structure which consists of business areas. Secondary segments are not reported as all operations are in Sweden.

Retail Division

- Retail Outlet business area
- Sales of lottery tickets and gaming via retailers.
- Restaurant business area
- Sales of games via Vegas machines in restaurants and bingo halls.
- Association business area
- Sales of lotteries via sports associations.

Direct Division

- Internet & Mobile business area
 - Sales of lottery tickets and games via internet and mobile phones.
- Casino business area
- Operation of Sweden's four international casinos in Sundsvall, Gothenburg, Malmö and Stockholm.
- Bingo Halls business area
 - Operation of bingo halls. The first bingo hall opened on 11 September 2007 in Sundbyberg. An additional 3 bingo halls opened in 2007.

Other operations

Comprise the Group's property operations, and business areas under development.

Note 3, cont.

			Retail [Division					Direct [Division										
Business segment Primary segment, SEK million		Outlet ment 2006	Resta segr 2007			iation nent 2006	Inter Mo segr 2007			sino nent 2006	Bingo segn 2007		Ot opera 2007	her ations 2006	Unalle 2007	ocated 2006	of intr	nation a-Group ems 2006		ka Spe oup 200
Revenue																				
Net revenue from gaming operations, etc.	4,328	4,327	1,147	1,084	10	_	1,159	858	1,357	1,195	8	_	_	_	39	84	-188	-197	7,915	7,35
Capitalised work for own account	_	_	_	_	_	_	_	_	_	_	_	_	_	_	20	89	_	_	20	89
Operating profit per business segment	3,199	3,176	814	870	-40	_	781	537	475	402	-118	_	75	17	-58	-239	_	_	5,128	4 763
Share of profit of associates																			_	
Profit on sale of invest- ments in subsidiaries																			-4	_
Finance income																			215	118
Finance expenses																			-90	-7
Tax																			-2	-
Profit for the year																			5,247	4,80
Assets	438	435	284	299	_	_	153	130	838	701	27	_	514	704	6,303	5,179	-589	-372	7,968	7,076
Total assets	438	435	284	299	_	_	153	130	838	701	27	_	514	704	6,303	5,179	-589	-372	7,968	7,076
Liabilities	85	88	_	_	_	_	155	118	838	650	_	_	442	694	2,890	2,250	-1,690	-1,534	2,721	2,266
Total liabilities	85	88	_	_	-	-	155	118	838	650	_	-	442	694	2,890	2,250	-1,690	-1,534	2,271	2,266
Investments	19	7	44	156	0	_	0	0	34	35	38	_	1	8	70	142	_	_	206	348
Amortisation, depreciation and impairment*	on 70	28	90	72	1	_	32	0	48	63	13	_	9	19	46	78	_	_	309	261

^{*} Impairment for 2007 totals SEK 56.9 million (0.7).

Note 4 Sold subsidiaries

An agreement was made in December for the sale of Svenska Spel's holding of 51% of the shares in its subsidiary UAB Winloto in Lithuania. The buyers were UAB Lotelita, the State-owned lottery company in Lithuania, and the Lithuanian National Olympic Committee. The buyers were previously joint owners 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 materiality reasons.

In December 2006, the wholly-owned subsidiary Svenska Spels Förvaltnings AB sold its shares in Svenska Spels Fastighets AB including the property Orgeln 7 in Sundbyberg in Stockholm. The new owner took over the shares and the property on 15 January 2007. Svenska Spel is a major tenant in the sold building, which, however, does not constitute a financial lease. The sale contributed a tax-free capital gain of SEK 93 million.

Net cash flow from closed business

During the 2006 financial year, Svenska Spel Fastighets AB had a cash flow from operating activities of SEK 12 million, cash flow from investing activities of SEK 0 million, and cash flow from financing activities amounting to SEK –13 million. The new owner took over the property and shares in Svenska Spels Förvaltnings AB on 15 January. Cash flow for the sold company in 2007 is therefore negligible.

Note 5 Acquisition of operations

Agreement has been reached with the operating companies of a number of sporting alliances regarding the takeover of the operations, personnel and rental contract for bingo operations run by these companies. The purchase price for the acquired operations is paid over a five-year period to the operating company as part of the profit from the VLTs placed in the bingo premises. Operations planned but not as yet started involve an additional 20 operations which will be taken over between 2008 and 2011, located in mid-sized cities primarily in southern and mid-Sweden. Business in the current operations is run under permit from the County Administra-

The present value of the purchase price that the Alliances' operating companies are expected to receive for the purchase of the four operations taken over in 2007 amounts to SEK 13.7 million, at a discount rate of 11.5%.

Acquisition analysis

Svenska Spel has furnished the premises that are used and acquired the gaming equipment. The acquired operations have no property, plant and equipment. Svenska Spel has itself developed the IT platform used in the operations and intends to run the business under its own brand name BingoLive. Overall, the purchased operations have no acquired net assets. The purchase price therefore pertains in its entirety to the contractuallybased intangible value that Alliance operating companies transfer to Svenska Spel to arrange bingo games in specific geographic areas. The assets are amortised on a linear basis over a five-year period. The fair value of the transferred intangible rights is deemed to be equal to the purchase price. Allocation of the purchase price is preliminary.

Note 6 Employees, employee costs and benefits

Average number of employees	Nu	ımber of employees	of which men, %	Number of employees	2006 of which men, 9
		700	61	647	E
Parent Company Other Group companies		700 888	61 51	647 839	5 ¹
Other Group companies		1,588			
Total		1,588	56	1,486	5:
Board of Directors, CEO and Key management		Number	2007 of which men	Number	2006 of which me
Board of Directors		10	6	10	
CEO		1	1	1	
Key management		8	7	8	
Absence due to illness, %		2007	Group 2006	2007	Parent Company 200
Absence due to illness		3.78	4.60	2.33	3.5
Absence due to illness, women		5.57	6.80	4.55	6.8
Absence due to illness, men		2.33	2.80	0.97	1.3
Absence due to liness, men		2.33	2.80	0.97	1.5
Absence due to illness, 29 years and younger		4.79	5.60	1.31	1.9
Absence due to illness, 30–49 years		2.89	3.70	2.01	2.9
Absence due to illness, 50 years and older		4.53	6.40	4.27	6.5
Absence due to illness, 1–14 days		2.24	2.40	1.16	1.3
Absence due to illness, 15–60 days		0.01	0.44	0.02	0.3
Absence due to illness, > 60 days		1.53	1.79	1.15	1.8
		rd of Directors, CEO	Other	Board of Directors, CEO	Othe
Wages, other benefits and social security costs, SEK thousand	an	d Key management	employees	and Key management	employee
Parent Company	an	, ,		, ,	
Parent Company Wages and benefits	an	12,381	273,287	11,089	251,75
Parent Company Wages and benefits Social security costs	an	12,381 4,906	273,287 101,764	11,089 4,465	251,75 91,42 39.70
Parent Company Wages and benefits	an	12,381	273,287	11,089	251,75 91,42 39,70
Parent Company Wages and benefits Social security costs Pension costs Total	an	12,381 4,906 3,194	273,287 101,764 44,570	11,089 4,465 3,141	251,75 91,42 39,70
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies*	an	12,381 4,906 3,194	273,287 101,764 44,570 419,621	11,089 4,465 3,141 18,695	251,75 91,42 39,70 382,88
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits	an	12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107	11,089 4,465 3,141 18,695	251,75 91,42 39,70 382,88 247,37
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs	an	12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107 89,439	11,089 4,465 3,141 18,695 3,072 1,110	251,75 91,42 39,70 382,88 247,37 83,90
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs	an	12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107 89,439 21,288	11,089 4,465 3,141 18,695 3,072 1,110 379	251,75 91,42 39,70 382,88 247,37 83,90 17,87
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs		12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107 89,439	11,089 4,465 3,141 18,695 3,072 1,110	251,75
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidian		12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107 89,439 21,288	11,089 4,465 3,141 18,695 3,072 1,110 379	251,75 91,42 39,70 382,88 247,37 83,90 17,87
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total		12,381 4,906 3,194	273,287 101,764 44,570 419,621 270,107 89,439 21,288	11,089 4,465 3,141 18,695 3,072 1,110 379	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group		12,381 4,906 3,194 20,481	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total **No special benefit is paid for board assignments in subsidiar Group Wages and benefits		12,381 4,906 3,194 20,481	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561	251,75 91,42 39,70 382,88 247,37 83,90 17,87
Parent Company Wages and benefits Social security costs Pension costs Fotal Other Group companies* Wages and benefits Social security costs Pension costs Fotal Yho special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs Fotal For special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs		12,381 4,906 3,194 20,481 ————————————————————————————————————	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs		12,381 4,906 3,194 20,481 ————————————————————————————————————	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313 65,858	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58 732,03
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs Total Froup Wages and benefits Social security costs Pension costs Total	ries.	12,381 4,906 3,194 20,481 ————————————————————————————————————	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313 65,858 850,565	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561 14,161 5,575 3,520 23,256 Other benefit	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58 732,03
Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total Pho special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs Fotal Froi paid for board assignments in subsidiar For paid for board assignments in subs	ries. Board fees	12,381 4,906 3,194 20,481 ————————————————————————————————————	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313 65,858 850,565	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561 14,161 5,575 3,520 23,256 Other benefit	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58 732,03
Parent Company Mages and benefits Social security costs Pension costs Total Other Group companies* Mages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group Mages and benefits Social security costs Pension costs Total Fees and other benefits Fees and other benefits to directors, SEK thousand Anders Gustafzon, Chairman Stefan Borg, Director since 25 April 2007	ries. Board fees 180	12,381 4,906 3,194 20,481 ————————————————————————————————————	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313 65,858 850,565 Benefits Committee	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561 14,161 5,575 3,520 23,256 Other benefit	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58 732,03
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Parent Company Wages and benefits Social security costs Pension costs Total Other Group companies* Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs Total *No special benefit is paid for board assignments in subsidiar Group Wages and benefits Social security costs Pension costs Total Fees and other benefits to directors, SEK thousand Anders Gustafzon, Chairman Stefan Borg, Director since 25 April 2007 Sarin Johansson, Director Lena Jönsson, Director Lena Jönsson, Director Lena Melinder, Director Lena Melinder, Director Lena Sotterbeck, Director since 25 April 2007 Anders Andersson, Director/Employee representative Bertil Sandström, Director/Employee representative	Board fees 180 60 60 90 60 13 12 12	12,381 4,906 3,194 20,481	273,287 101,764 44,570 419,621 270,107 89,439 21,288 380,834 543,394 241,313 65,858 850,565 Benefits Committee	11,089 4,465 3,141 18,695 3,072 1,110 379 4,561 14,161 5,575 3,520 23,256 Other benefit	251,75 91,42 39,70 382,88 247,37 83,90 17,87 349,15 499,12 175,33 57,58 732,03
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Note 6 cont

Fees and other benefits to directors, SEK thousand	Salary/fee	Other benefits	Pension costs	Other benefits	Total
Håkan Bergström, resigned on 25 April 2007	8	_	_	_	8
Lars-Åke Lagrell, resigned on 25 April 2007	30	_	_	_	30
Kjell Nordström, resigned on 25 April 2007	30	_	3	_	33
Marianne Samuelsson, resigned on 25 April 2007	30	_	3	_	33
Total	759	35	29	0	823
Jesper Kärrbrink, President and CEO	2,937	80	718	_	3,735
Anders Hägg, Chief Financial Officer	1,091	72	505	_	1,668
Mathias Hedlund, Divisional Director–Direct Division	1,621	16	234	_	1,871
Annica Axelsson, Divisional Director–Retail Division	706	2	105	_	813
Håkan Sjöstrand, Acting Manager–Retail Division	1,121	89	280	_	1,490
Eva Wetterdal, Human Resources Director	1,007	56	333	_	1,396
Bengt Palmgren, Chief Legal Counsel	1,107	74	354	_	1,535
Andreas Jansson, Director of Corporate Communications	864	23	202	_	1,089
Anders Granvald, IT Director	1,103	3	337	_	1,443
Total	11,557	415	3,068	_	15,040

Board of Directors

In 2007 the Chairman, Anders Gustafzon, was paid fees of SEK 180 thousand (180) and the other directors received fees totalling SEK 510 thousand (585). The employee representatives on the Board employed by the Company received fees totalling SEK 69 thousand (71).

In addition to regular Board fees, directors on the Audit Committee received a total of SEK 35 thousand (34) and members of the Benefits Committee received SEK 29 thousand (29).

The Parent Company's board is the same as the Group Board, and no separate benefits are paid for the different assignments. The boards 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

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

The President and CEO Jesper Kärrbrink, received salary and benefits in 2007 of SEK 3,735 thousand (3,369). Other benefits include a company car and pension benefits.

A mutual term of notice of six months applies. If the company should terminate the CEO's employment without grounds for dismissal, the CEO is entitled to the equivalent of 18 monthly salaries. Deduction will be made of any salary received by the CEO from a new employer. The normal retirement age is 65. Pension premiums have been paid for the CEO of the Parent Company according to the ITP plan and a complementary pension insurance of SEK 360 thousand per year.

Presidents in other Group companies are employed in the Parent Company and receive no benefits other than the salary for their main employment.

Other Key management

The seven other member of Key management received salary and other benefits totalling SEK 11,305 thousand (10,349). Individual salaries and other benefits are listed in the table above.

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	2007	Group 2006	Parent 2007	Company 2006
Auditing assignments	1,722	2,313	1,007	1,722
Other assignments	452	734	381	734
Swedish National Audit Office	389	234	320	157
Total	2,563	3,281	1,708	2,613

Fees paid to auditors for audit and other assignments pertain to the costs for Öhrlings PricewaterhouseCoopers AB in 2007 and Ernst & Young in

Audit assignments pertain to auditing of the annual financial statements and accounting as well as the administration of the Board and CEO. It 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 Finance income and expenses

		Group		Parent Company	
Finance income, SEK million	2007	2006	2007	2006	
Interest income	97	38	105	65	
Exchange rate gains	5	0	5	0	
Change in value of assets, Triss Månadsklöver	111	76	111	76	
Other finance income	2	4	2	4	
Total	215	118	223	145	
		Group		Parent Company	
Finance expenses, SEK million	2007	2006	2007	2006	

		oup	i di di di	ompany
Finance expenses, SEK million	2007	2006	2007	2006
Interest expense	0	0	0	0
Exchange rate losses	-2	-9	-2	-9
Change in value of liabilities, Triss Månadsklöver	-88	-67	-88	-67
Other finance expenses	_	_	-30	_
Total	-90	-76	-120	-76

Other finance expenses pertain to write down of value of shares in Group subsidiaries of SEK 30 million (0).

		Group		Parent Company	
Paid and received interest in operating activities, SEK million	2007	2006	2007	2006	
Paid interest	0	0	0	0	
Received interest	97	38	105	65	

Intra-group income of SEK 23.8 million (32.1) is included in the Parent Company's interest income.

Note 9 Taxes

		Group	Parent C	ompany
Recognised in the income statement, SEK million	2007	2006	2007	2006
Current tax (-)				
Tax expense for the period	_	_	_	_
Adjustment of tax pertaining to previous years	_	_	_	_
Deferred tax (-)				
Deferred tax pertaining to temporary differences	-2	-1	_	_
Total tax charge recognised	-2	-1	_	_

 $The Svenska Spel Group \ has \ previously \ unrecognised \ tax \ losses \ of SEK 137 \ million \ (127). \ Deferred \ tax \ assets \ have \ not \ been \ recognised \ since \ it \ is \ unlikely \ the$ Group will credit them against future taxable winnings.

Note 10 Intangible assets

	Gro	Parent (Company	
Capitalised development expenditure, SEK million	2007	2006	2007	2006
Accumulated cost				
Opening balance	377	88	371	88
Acquisitions	<u> </u>	5	_	_
Re-classification	51	284	51	284
Closing balance	428	377	422	371
Accumulated amortisation and impairment				
Opening balance	-89	-46	-88	-46
Amortisation for the year	-46	-43	-45	-42
Impairment for the year	-39	_	-39	_
Closing balance	-174	-89	-172	-88
Carrying amount	253	287	250	283
	Gro	oup	Parent 0	Company
Ongoing projects, SEK million	2007	2006	2007	2006
Opening balance	34	228	34	228
Costs incurred during the year	32	89	32	89
Re-classification	-51	-284	-51	-284
Closing balance*	16	34	16	34

^{*}SEK 13.7 million pertains to acquisition of bingo operations (see also Note 5) and SEK 2.2 million pertains to the svenskaspel.se project.

Note 10 cont.

Cost of intangible assets

Intangible assets comprise capitalised development expenditures for five cash-generating units. The biggest unit is a gaming platform for the Retail Outlet and Internet & Mobile business areas called GEM. The carrying amount for GEM is SEK 216 million (243). The estimated amortisation period is ten years and the investment will be completely written off in

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. Another unit is a gaming platform for the Restaurant business area called ES. The carrying amount is SEK 15 million (24). The estimated amortisation period is five years and the investment will be fully amortised in 2009. A new gaming platform which will replace ES is under development and will be introduced in 2008. This platform is leased from the supplier and will be run in parallel with existing ES platforms for approximately one year while the older VLTs controlled by the platform are phased out.

A new gaming platform has been developed and introduced for the new Bingo Halls business area at a cost of SEK 42 million, of which SEK 30 million was impaired after testing. The reason for the impairment is that the concept for which the platform was developed could not be realised. The amortisation period for the platform is five years and it will be fully amortised by 2012. Added to this is the impairment of capitalised development costs of SEK 9 million for the Limbo gaming system that was closed during the year.

The remaining unamortised portion of some smaller systems not tested for impairment, but which clearly are unimpaired, along with as yet uncommissioned gaming systems totals SEK 14 million.

Annual impairment testing of intangible assets

Intangible assets are tested annually for impairment and the recoverable amount of individual assets is estimated. The recoverable amount represents value in use and is calculated by discounting future estimated cash. flows pertaining to individual intangible assets. 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. The estimated cash flows are based on the consolidated cash flows for 2007 and the 2008 budget. Estimates for 2009 are based on an extrapolation with the same rate of growth used in the budget for 2008 compared with the 2007 forecast. 2009 is used as a terminal year without further growth assumptions for coming periods. A pre-tax discount rate of 11.5% has been used for measurement of the recoverable amount. Impairment testing indicates that there is no impairment requirement with the exception of the gaming platform for Bingo Halls. The recoverable amount exceeds the value in use by a good margin for all tested cash generating units other than those previously mentioned. Sensitivity analyses show that even material changes in areas such as cost of capital do not change this situation.

Reclassification

Ongoing projects are reclassified when they are taken into commercial use. Reclassification has taken place in 2007 of the number game Limbo to the amount of SEK 9 million and the bingo hall IT platform to the amount of SEK 42 million when these systems were commissioned.

Reclassification of the GEM gaming platform was made last year in conjunction with commissioning of the system.

Development project costs

The total amount of development project costs that have been expensed during the period is SEK 41 million (29) and relate to projects for both the Parent Company and the Group.

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 cost						
Opening balance 1 January 2006	540	252	248	2	1,915	2,959
Acquisitions	_	_	1	17	236	254
Reclassifications	_	8	0	-8	0	0
Sale	-1	_	_	_	-516	-517
Closing balance 31 December 2006	539	260	250	11	1,636	2,696
Opening balance 1 January 2007	539	260	250	11	1,636	2,696
Acquisitions	_	0	1	19	151	171
Reclassifications	_	3	23	-26	_	0
Sale	-296	-55	_	_	-77	-428
Closing balance 31 December 2007	244	208	273	4	1,710	2,439
Accumulated depreciation and impairment	t					
Opening balance 1 January 2006	-67	-35	-32	_	-1,429	-1,563
Depreciation for the year	-7	-12	-9	_	-189	-218
Sale	1	_	_	_	512	512
Closing balance 31 December 2006	-74	-46	-41	_	-1,107	-1,269
Opening balance 1 January 2006	_	_	-67	_	-6	-73
Impairment for the year	_	_	-1	_	_	-1
Closing balance 31 December 2006	_	_	-68	_	-6	-74

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
Opening balance 1 January 2007	-74	-46	-41	_	-1,107	-1,269
Depreciation for the year	-2	-7	-10	_	-186	-205
Sale	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
Carrying amount 31 December 2006	466	213	140	11	523	1,353
Carrying amount 31 December 2007	223	178	150	4	469	1024
Assessed value						
Assessed value, buildings	260					
Assessed value, land	97					

In December 2006 shares were sold in Svenska Spels Fastighets AB with takeover in January 2007, including the property Orgeln 7 situated in Sundbyberg in Stockholm. A review of the Group's property, plant and equipment indicates that an impairment loss of SEK 3.9 million was required for the bingo hall in Sundbyberg. Sale of the minority interest in UAB Winloto involved an impairment loss on a gaming system of SEK 14.9 million.

	Buildings	Construction and extension,	Construction and extension, property	Construction	Equipment and	
Parent Company, SEK million	and land	own property	held under lease	in progress	computers	Total
Accumulated cost						
Opening balance 1 January 2006	37	24	_	2	1,606	1,669
Acquisitions	_	_	_	2	204	206
Reclassifications	_	2	_	-2	0	0
Sale	-1	_	_	_	-507	-508
Closing balance 31 December 2006	36	26	_	2	1,303	1,367
Opening balance 1 January 2007	36	26		2	1,303	1,367
Acquisitions	_	_	1	3	121	125
Reclassifications	_	3	2	-5	_	0
Sale	_	_	_		-60	-60
Closing balance 31 December 2007	36	29	3	0	1,364	1,432
Accumulated depreciation and impairmen		_			4.225	1 2 4 4
Opening balance 1 January 2006	-12	-7		_	-1,225	-1,244
Depreciation for the year	-1	-3	_	_	-133	-136
Sale	1				505	505
Closing balance 31 December 2006	-11	-10	_	_	-853	-874
Opening balance 1 January 2006	_	_	_	_	_	_
Impairment for the year	_	_	_	_	_	_
Closing balance 31 December 2006	_		_	_	_	_
Opening balance 1 January 2007	-11	-10		_	-853	-874
Depreciation for the year	-1	-3	0	_	-145	-149
Sale	_	_	_	_	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
Carrying amount 31 December 2006	25	16		2	449	492
Carrying amount 31 December 2007	24	16	3	0	406	449
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 $value\ through\ profit\ and\ loss, loan\ and\ trade\ receivables,\ held-to-maturity\ investments\ and\ available-for-sale\ financial\ assets.\ Fair\ value\ corresponds\ to\ profit\ for\ the p$ the carrying amount.

Financial assets

SEK million, 31 December 2006	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 rate interest bonds	1,170	_	_	_	1,170
Investments in zero-coupon bonds and commercial papers	_	130	_	_	130
Trade and other receivables	_	_	458	_	458
Set off National Debt Office	_	_	1,000	_	1,000
Cash and cash equivalents	2,643	_	_	_	2,643
Total					5,401
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 rate interest bonds	1,283	_	_	_	1,283
Investments in zero-coupon bonds					

123

498

1,400

123

498

1,400

3,371 6,675

Securities Triss Månadsklöver

and commercial papers Trade and other receivables

Set off National Debt Office

Cash and cash equivalents

Total

Total securities holdings pertaining to Triss Månadsklöver amount to SEK 1,297 million (1,200), of which SEK 1,061 million (1,170) is long-term and SEK 236 million (31) is current. On a consolidated basis, SEK 14 million (31) of the current component is included in cash and cash equivalents, see Note 15. Acquisition and sales, net, of Triss Månadsklöver amounts to SEK 49 million (128) and change in value is SEK 48 million (-52).

3,371

Financial liabilities

SEK million, 31 December 2006	Financial liabilities at fair value through profit and loss	Other financial	Total fair value
SEK Hillion, 31 December 2000	profit and loss	liabilities	Tall value
Trade and other payables	_	482	482
Unpaid winnings, Triss Månadsklöver	1,101	_	1,101
Other short- and non-current			
interest-bearing liabilities	_	683	683
Total			2,266
			_,

	Financial liabilities		
	at fair value through	Other financial	Total
SEK million, 31 December 2007	profit and loss	liabilities	fair value
Trade and other payables	_	644	644
Unpaid winnings, Triss Månadsklöver	1,188	_	1,188
Other current and non-current			
non-interest bearing liabilities	_	889	889
Total			2,721

Interest rate risk Instrument (valuation principle)	Nominal value	Maturity date	Interest / Nominal yield, %
Real rate interest bonds			
Swedish Government real rate interest bonds			
3101	180	1 Dec. 2008	4.00
3106	239	1 April 2012	1.00
3001	138	1 April 2014	0.00
3105	185	1 Dec. 2015	3.50
3102	228	1 Dec. 2020	4.00
3104	57	1 Dec. 2028	3.50

Interest rate 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	50	22 Dec. 2008	Floating interest (STIBOR 3 months)
361–1,080 days of interest	73	Q1,2010, Q4,2011	Floating interest (STIBOR 3 months)
Cash and cash equivalents	3,371		4.03
Interest rate risk Instrument (valuation principle)	Nominal value	Maturity period	Present-value weighted real discount rate, %
Compulsory investment reserve Triss Månadsklöver			
	113	0–1 year	0.988
	499	1–5 year	1.522
	577	>5 year	1.726

Note 13 Trade and other receivables

	Gro	Group		Parent Company	
SEK million	2007	2006	2007	2006	
Trade receivables					
Receivables, gaming and lottery retailers	337	297	337	297	
Receivables, restaurants	49	25	49	25	
Other trade receivables	11	14	7	6	
Total trade receivables	397	336	393	327	
Other receivables					
Other trade receivables	29	35	15	26	
Total other receivables	29	35	15	26	
Total trade and other receivables	426	370	408	354	

The majority of the Group's trade receivables are due within 8 days. A smaller portion run for 30 days. Doubtful trade receivables amount to SEK 1,8 million (2.1), costs for losses on trade receivables amount to SEK 2.2 million (2.0). Of Other current receivables, SEK 15.9 million (15.9) pertains to short-term loans to Onside TV-production AB with estimated maturity less than 1 year.

Note 14 Prepayments and accrued income

		Group		
SEK million	2007	2006	2007	2006
Prepaid retailer commissions	7	7	7	7
Other interim receivables	65	82	50	77
Total	72	89	57	83

Note 15 Cash and cash equivalents

		Group		Parent Company
Cash and cash equivalents, SEK million	2007	2006	2007	2006
Cash and cash equivalents	3,371	2,643	3,205	2,463
of which funds on Internet gaming accounts	102	106	102	106
of which collateral on deposit from retailers	16	17	16	17
of which Triss Månadsklöver, deposits	14	31	_	_

Short-term portion of Triss Månadsklöver lottery is recognised as current investment by the Parent Company.

Note 16 Equity

Group

Share capital

The registered share capital included 2,000 ordinary shares on 31 December 2007, at a quota value of SEK 100 per share. Holders of ordinary shares are entitled to dividends that are subsequently determined.

Retained earnings

Retained earnings and profit for the year encompass 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.

Statutory reserve

Restricted equity may not decline through profit distribution. The statutory reserve is intended as a means of setting aside part of net profit not used to cover retained losses.

Non-restricted equity

This consists of non-restricted equity from the previous year after any provisions are made to statutory reserves and profit distribution. Nonrestricted equity is the amount available for distribution to shareholders.

Note 17 Earnings per share

The calculation of earnings per share for 2007 is based on profit for the year attributable to equity holders of the Parent Company of SEK 5,247 million (4,807) divided by the number of outstanding shares. Earnings per share for 2007 are SEK 2,624 thousand (2,404). The number of outstanding shares has not changed during the year.

No equity instruments have been issued that could cause dilution of

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.

	G	Group		Parent Company	
SEK million	2007	2006	2007	2006	
Current liabilities					
Unpaid winnings, traditional games and lotteries	323	284	323	284	
Unpaid winnings, Triss Månadsklöver <1 year	113	100	113	100	
Total	436	384	436	384	
Non-current liabilities					
Unpaid winnings, Triss Månadsklöver 1–5 years	499	369	499	369	
Unpaid winnings, Triss Månadsklöver > 5 years	577	632	577	632	
Total	1,076	1,001	1,076	1,001	

Note 19 Other non-current liabilities

		Group		
SEK million	2007	2006	2007	2006
Subordinated loan	15	15	15	15
Retailer collateral	16	16	16	16
Other non-current liabilities	12	3	12	3
Total	43	34	43	34

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 the financial standing of retailers.

Note 20 Provisions for pensions

		Group		Parent Company	
SEK million	2007	2006	2007	2006	
Opening pension provisions	18	16	16	16	
Change	-2	2	-1	1	
Closing pension provisions	16	18	15	16	
Pensions covered by AB Svenska Spel's Pension Fund	1	2	1	2	
Total pension commitments	17	20	16	18	

Alecta's consolidation level was 152% (143.1) on 31 December 2007. The consolidation level is determined as the fair value of assets as a percentage of liabilities based on Alecta's actuarial assumptions. This calculation does not currently conform with the basis of calculation in IAS 19. Costs for the Group's pension insurances in 2007 totals SEK 69.1 million (61.1) of which SEK 39.2 million (34.5) is through Alecta.

Note 21 Trade payables and other liabilities

	Gr	oup	Parent C	ompany
SEK million	2007	2006	2007	2006
Trade payables	339	266	210	213
Other liabilities	227	151	165	128
Accrued expenses for salary, holiday payments and social security expenses	78	64	_	_
Total	644	482	375	341

Accrued costs for the Parent Company are presented in Note 23.

Note 22 Settlement funds and compulsory investment reserves

Lottery and game winnings that are not claimed become statute-barred on the expiry date. 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 kronor and the surplus

amount transferred to the Settlement fund. The funds in the settlement fund are used to pay approved claims pertaining to winnings of lotteries and games after the expired time for their redemption, and for repayment of funds to winners through, for example, increase of winnings frequency or topping up of winnings categories during campaigns.

Compulsory investment reserves are funded winnings for the jackpots of various types of games. The size of the funds may vary greatly over time depending on the timing of the wins.

	Group		Parent Company	
SEK million	2007	2006	2007	2006
Settlement funds				
Opening balance	67	49	67	49
Change for the year	28	18	28	18
Closing balance	95	67	95	67
Compulsory investment reserves				
Opening balance	198	223	186	212
Change for the year	132	-25	126	-26
Closing balance	330	198	312	186

Note 23 Accruals and deferred income

		Group	Parent	: Company
SEK million	2007	2006	2007	2006
Prepaid stakes for multiple week games	81	81	81	81
Other items	_	_	84	9
Accrued expenses for salary, holiday payments and social security expenses	_	_	44	34
Total	81	81	209	124

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 24 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 office and casino premises. The Group's rental costs amount to SEK 63.7 million (37.3). The Parent Company's rental costs for 2007 are SEK 38.7 million (36.2).

Operating lease agreements – Group/Parent Company	Gro	oup	Parent C	ompany
as lessee, SEK million	2007	2006	2007	2006
Within a year	58	50	32	24
After one year but within five years	233	200	126	97
After five years	479	455	162	121
Total	770	706	320	242

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.

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	Gr	oup	Parent C	Company
as lessor, SEK million	2007	2006	2007	2006
VA field :		F.4		F 4
Within a year	52	54	52	54
After one year but within five years	206	216	206	216
Total	258	270	258	270

After five years, the annual revenue from operating lease agreements pertaining to the lease of terminals to gaming and lottery retailers amounts to approximately SEK 54 million per year. The Group's lease income for 2007 was SEK 51.5 million (62.8), of which the Parent Company represented SEK 51.5 million (53.7).

Leased gaming and lottery VLTs,	(iroup	Parent	Company
SEK million	2007	2006	2007	2006
Opening cost	144	434	144	434
Purchases for the year	0	5	0	5
Sales for the year	0	-296	0	-296
Closing cost	144	144	144	144
Opening depreciation	-21	-294	-21	-294
Depreciation for the year	-29	-23	-29	-23
Sales for the year	0	296	0	296
Closing depreciation	-50	-21	-50	-21
Carrying amount	94	122	94	122

Note 25 Contingent liabilities and pledged assets, and future obligations

Contingent liabilities

The Parent Company has signed a guarantee for Onside TV-Production for SEK 0 thousand (120).

		Group		Parent Company
Pledged assets, SEK million	2007	2006	2007	2006
Blocked funds as collateral for loans	0	1	0	1
Credit security	2	2	1	1
Total	2	3	1	2

	Group	2007	Parent Cor	npany 2007
Future obligations concerning purchase of property,	Property,		Property,	
plant and equipment and other contracted commitments, SEK million	plant and equipment	Other	plant and equipment	Other
Within a year	2	309	_	307
After one year but within five years	_	174	_	174
After five years	_	61	_	61
Total	2	544	_	542

Other contractual measures pertaining to advertising agreements, sponsorship agreements and other agreements with partners.

Note 26 Affiliates

Group companies

Market terms and cost-based pricing apply in the delivery of goods and services between Group companies, with most of the income going to the selling party with deduction of winners' share, retailer commissions etc. In 2007 the Parent Company has purchased services from other companies in the Group for a value of SEK 0.0 million (25.1) and sold services to other companies in the Group for a value of SEK 12.6 million (8.6).

State-owned companies

In 2006 the Group purchased services from State-owned companies for $\,$ the following amounts:

TeliaSonera	SEK 52.6 million (86.0)
Posten AB	SEK 30.7 million (35.6)
Teracom AB	SEK 13.7 million (10.5)
Vattenfall	SEK 0.5 million (1.0)
Gotlands Energi AB	SEK 1.0 million (4.9)

Swedish State

Under the 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, in the month after the end of each quarter, on 30 April, 31 July, 31 October and 15 February. Advanced funds are offset against dividends following the resolution of the Annual General Meeting for the year. On 5 October 1998 Svenska Spel was granted an exception for the lending of funds to the National Debt Office from the provisions in Chapter 21 section 1 of the Swedish Companies Act pertaining to the prohibition on loans. At year-end the funds on loan to the National Debt Office were SEK 1,400 million (1,000).

Note 27 Investments in Group companies

Parent Company investments in Group companies, S	SEK thousand				2007	2000
Opening cost					191,028	184,698
Purchases					_	2,818
Sale					-2,818	_
Reclassifications					_	-200
Paid shareholders' contributions					_	3,713
Returned shareholders' contributions					-46,745	_
Closing accumulated cost					141,466	191,028
Opening impairment 1)					-40,000	-40,000
Reversed impairment					_	_
Impairment for the year 1)					-30,000	_
Closing accumulated impairment					-70,000	-40,000
Carrying amount					71,466	151,028
					Carrying amount,	Carrying amoun
Parent Company's participation in subsidiaries	Corp. ID no.	Domicile	Share of equity, %	Number of shares	Carrying amount, SEK thousand 31 Dec. 2007	SEK thousand
	· · · · · · · · · · · · · · · · · · ·				SEK thousand 31 Dec. 2007	SEK thousand 31 Dec. 2000
Parent Company's participation in subsidiaries Svenska Spels Förvaltnings AB Keno AB	Corp. ID no. 556597-7278 556485-4304	Visby	Share of equity, % 100 100	Number of shares 1000 1000	SEK thousand	SEK thousand 31 Dec. 200
Svenska Spels Förvaltnings AB	556597-7278	Visby Visby	100	1000	SEK thousand 31 Dec. 2007 71,066	SEK thousand 31 Dec. 2000 101,066
Svenska Spels Förvaltnings AB Keno AB	556597-7278 556485-4304	Visby	100 100	1000 1000	SEK thousand 31 Dec. 2007 71,066 100	SEK thousand 31 Dec. 2000 101,066 100
Svenska Spels Förvaltnings AB Keno AB Triss AB	556597-7278 556485-4304 556485-4312	Visby Visby Visby	100 100 100	1000 1000 1000	SEK thousand 31 Dec. 2007 71,066 100	Carrying amount SEK thousand 31 Dec. 2000 101,066 100 100 46,845
Svenska Spels Förvaltnings AB Keno AB Triss AB Bellman Casino AB	556597-7278 556485-4304 556485-4312 556574-1682	Visby Visby Visby Stockholm	100 100 100 100	1000 1000 1000 1000	\$EK thousand 31 Dec. 2007 71,066 100 100	SEK thousand 31 Dec. 200 101,066 100 100 100 100 46,84:
Svenska Spels Förvaltnings AB Keno AB Triss AB Bellman Casino AB Casino Cosmopol AB	556597-7278 556485-4304 556485-4312 556574-1682 556485-4296	Visby Visby Visby Stockholm Stockholm	100 100 100 100 100	1000 1000 1000 1000 1000	5EK thousand 31 Dec. 2007 71,066 100 100 100 Carrying amount, 5EK thousand	SEK thousand 31 Dec. 2000 101,060 100 100
Svenska Spels Förvaltnings AB Keno AB Triss AB Bellman Casino AB Casino Cosmopol AB Parent Company investments in indirectly-owned subsidiaries	556597-7278 556485-4304 556485-4312 556574-1682 556485-4296	Visby Visby Visby Stockholm Stockholm	100 100 100 100 100 100	1000 1000 1000 1000 1000 Number of shares	5EK thousand 31 Dec. 2007 71,066 100 100 100 Carrying amount, 5EK thousand	SEK thousand 31 Dec. 200 101,066 100 100 100 100 46,84:
Svenska Spels Förvaltnings AB Keno AB Triss AB Bellman Casino AB Casino Cosmopol AB Parent Company investments in indirectly-owned subsidiaries CC Casino Restaurang AB	556597-7278 556485-4304 556485-4312 556574-1682 556485-4296 Corp. ID no.	Visby Visby Visby Stockholm Stockholm Domicile	100 100 100 100 100 100 Share of equity, %	1000 1000 1000 1000 1000 Number of shares	5EK thousand 31 Dec. 2007 71,066 100 100 100 Carrying amount, 5EK thousand	SEK thousand 31 Dec. 200 101,066 100 100 100 100 46,84:

¹⁾ Refers to impairment of shares and participations in Svenska Spels Förvaltnings AB where the carrying amount exceeds the fair value on consolidation.

Note 28 Share of profit of Group companies

	Grou	p	Parent Co	mpany
SEK million	2007	2006	2007	2006
Anticipated dividend from Casino Cosmopol	_	_	519	381

Note 29 Events after balance sheet date

At year-end a new organisation was introduced which involved closing the former Direct and Retail Divisions. They are replaced by the Games and Lotteries (SoL) Division comprising the Retail Outlet, Internet & Mobile, and Association business areas. The other division, BRK, comprises Bingo Halls,

Restaurant Gaming and Casino. The new organisation is expected to generate productivity gains due to better use of synergies between the business areas in the new divisions.

Note 30 Uncertainty in estimates and assessments

Sources of uncertainty in estimates

Key management has analysed major uncertainty factors for the Group's development as well as core accounting policies. Below follows an account 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 255 million (321). The expenditures pertain to a number of system platforms for games run by Group companies such as restaurant games of the Vegas type, as well as Triss, Stryktips, Lotto etc. The recovery of current capitalised development expenditure is naturally dependent on future sales prospects for those games associated with gaming platforms and the incomes they generate. The carrying amount of the platforms in question may be significantly affected should the income-generating opportunities for these platforms and their lifetime not prove to be as anticipated.

Note 31 Information about the Parent Company

AB Svenska Spel is a limited liability company registered in Sweden with corporate registration number 556460-1812. Its place of business is 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 2007 was approved for publication by the Board of Directors on 12 March 2008.

Note 32 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 the shareholder.

Approved and distributed during the year, SEK

Total	4,807,102,000
To the State	3,436,616,000
To cultural purposes	435,000
To the Swedish National Board for Youth Affairs	153,910,000
To the Swedish Sports Confederation	1,216,141,000

Proposed distribution to be approved by the Annual General Meeting, SEK

Total	5,247,469,000
To the State	3,656,924,000
To cultural purposes	311,000
To the Swedish National Board for Youth Affairs	195,744,000
To the Swedish Sports Confederation	1,394,490,000

The annual report and consolidated financial statements are subject to adoption at the AGM on 15 April 2008.

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 give 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 2008

Anders Gustafzon	Stefan Borg	Björn Fries
Chairman	Director	Director
<i>Karin Johansson</i>	Lena Jönsson	<i>Lena Melinder</i>
Director	Director	Director
<i>Lars Otterbeck</i> Director	Anders Andersson Director/Employee representative	Bertil Sandström Director/Employee representative
Elin Sundin Director/Employee representative	Britta Höglund Alternate/Employee representative	Lina Ingelsson Alternate/Employee representative

Sabina Lindqvist Alternate/Employee representative

> Jesper Kärrbrink CEO

Our audit report relating to this annual report was submitted in Stockholm on 13 March 2008

Öhrlings PricewaterhouseCoopers AB Per Wardhammar Authorised Public Accountant

Lars Nordstrand Authorised Public Accountant Auditor 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 2007 financial year. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 65–99. 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

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 2008

Öhrlings PricewaterhouseCoopers AB Per Wardhammar Authorised Public Accountant

Lars Nordstrand Authorised Public Accountant

Auditor appointed by the Swedish National Audit Office

Five-year summary Svenska Spel Group

Income statement in summary SEK million	2007	2006	2005	2004	2003
Gross gaming revenue, Retail Outlet business area	10,984	10,689	10,821	11,307	11,399
Gross gaming revenue, Restaurant business area	7,082	6,811	6,830	7,270	6,919
Gross gaming revenue, Internet & Mobile business area	2,217	1,560	1,013	777	495
Net gaming revenue, Casino business area	1,153	1,002	922	853	720
Gross gaming revenue, Association business area	38	9	_	_	_
Gross gaming revenue, Bingo Halls business area	24	_	_	_	_
Other gaming-related revenue, etc.	217	210	241	231	228
Total gaming revenue, etc.	21,716	20,281	19,827	20,438	19,761
Winners'share 1	-11,852	-11,114	-11,064	-11,412	-10,897
Commissions	-1,916	-1,787	-1,786	-1,893	-1,880
Other	-33	-29	-26	-23	-21
Net revenue from gaming operations, etc.	7,915	7,351	6,951	7,110	6,962
Capitalised work for own account	20	89	92	119	96
Other revenue	93	_	_	_	_
Employee expenses	-895	-804	-762	-705	-652
Other external expenses	-2,004	-1,873	-1,759	-1,773	-1,764
Operating profit	5,128	4,763	4,521	4,751	4,642
Profit on sale of investments in subsidiaries	-4	_	_	_	_
Profit/loss from associates	_	3	1	0	0
Finance items and tax	123	42	47	52	45
Profit for the year	5,247	4,807	4,569	4,803	4,687
Key indicators					
Net gaming revenue, SEK million	9,598	8,905	8,506	8,762	8,600
Operating margin, %	23.6	23.5	22.8	23.2	23.5
Earnings per share, basic and diluted, SEK million	2.6	2.4	2.3	2.4	2.3
Equity ratio, %	65.9	67.9	68.0	71.7	75.2
Other information					
Proposed and paid to Swedish Sports Confederation	1,394	1,216	1,019	1,015	868
Proposed and paid to the National Board for Youth Affairs	196	154	131	154	143
	150	151		131	1 13

^{1.} Includes unclaimed winnings.

Corporate Governance Report for AB Svenska Spel

Application of the Swedish Code of Corporate Governance

The Swedish State owns 100% of the shares in Svenska Spel. In accordance with the ownership policies determined by the State, the Swedish Code of Corporate Governance ("The Code") is to form part of the Government's framework for the administration of ownership of state-owned companies. The basic principle is that the Code will complement the State ownership policy. Svenska Spel follows the Code with the exception of the deviations presented below.

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.

Deviations from the Code

Svenska Spel complied with the Code during the year with the following exceptions:

• The Corporate Governance Report does not contain information about the independence of directors in relation to majority shareholders. The ownership policy of the State states that the relevant provisions in the Code primarily aim to protect minority owners in companies with spread ownership. It is not necessary for companies that are wholly-owned by the State to declare independence of the Directors in this manner.

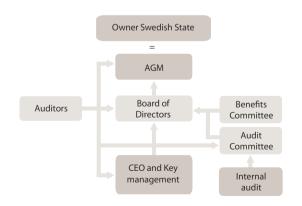
 Nomination of directors and auditors is made in accordance with the principles described in the State's ownership policy which thus replace the regulations of the Code. A Nomination Committee as described in the Code is not used in the nomination process as it is run and coordinated by the unit within the Ministry for Industry, Employment and Communications responsible for State ownership.

General meeting

The Annual General Meeting is the highest decisionmaking body in Svenska Spel. The Annual General Meeting 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 the month of 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 Parliament are entitled to attend the AGM after registration with the Board, and raise matters at the meeting.

2007 AGM

The last AGM was held on 25 April 2007, and at this meeting Anders Gustafzon, Karin Johansson and Lena Melinder were reelected and Stefan Borg, Björn Fries, Lena Jönsson and Lars Otterbeck newly elected. Anders Gustafzon was reelected as Chairman. Information about the age, education and experience of each director is presented on page 108.



External regulations

- · Swedish Companies Act
- Swedish Bookkeeping Act
- · Swedish Annual Accounts Act
- · Swedish Code of Corporate Governance
- State ownership policy

Internal regulations

- Articles of Association
- Rules of Procedure for the Board
- Rules of Procedure for Audit and Benefits Committees
- CEO Instruction
- Internal policies, guidelines and instructions

Facts, Board of Directors

	A. Board	B. Benefits Committee	C. Audit Committee	А	Present B	C	Elected	Independent
Total number of meetings				11	1	4		
Directors elected by the AGM								
Anders Gustafzon	chairman	chairman		11	1		2003	I
Stefan Borg ¹	director			5			2007	I
Björn Fries ¹	director		director	5		3	2007	I
Karin Johansson	director		director	7		3	2003	1
Lena Jönsson ¹	director	director		6	1		2007	I
Lars-Åke Lagrell ²	director			3			2001	D^3
Lena Melinder	director		chairman	10		3	2004	1
Kjell Nordström ²	director			5			2001	1
Lars Otterbeck ¹	director	director		6	1		2007	1
Marianne Samuelsson ²	director			4			2003	I
Employee representatives ⁴								
Anders Andersson	director			10			2005	D
Håkan Bergström²	director			5			2003	D
Britta Höglund	alternate			10			2003	D
Lina Ingelsson ¹	alternate			3			2007	D
Sabina Lindkvist	alternate			9			2005	D
Bertil Sandström	director			10			1996	D
Elin Sundin	director			10			2005	D

^{1.} Elected at the AGM on 25 April 2007

^{2.} Left the Board in conjunction with AGM on 25 April 2007.

^{3.} Lars-Åke Lagrell is considered dependent in his role as Chairman of the Swedish Football Association. Lars-Åke Lagrell does not participate in matters involving Svenska Spel and the Swedish Football Association.

^{4.} Directors and alternates appointed by employee organisations are employed in the Group and are therefore not independent in relationship to the Company.

The AGM adopted the 2006 income statement and balance sheets and disposition of Company profits as proposed by the Board. The AGM also discharged the directors and CEO from personal liability for administration of the Company in 2006.

2008 AGM

The 2008 AGM will take place on 15 April 2008 in Visby, with Notice of the AGM sent in mid-March 2008.

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 develops guidelines and instructions for the daily management of the Company which in turn is managed by the CEO. The Articles of Association specify that Svenska Spel's Board is to comprise not less than three and not more than ten directors appointed by the AGM.

Work of the Board

According to its Rules of Procedure, the Board is normally to convene four meetings per year in addition to the statutory meeting. Directors generally participate in all board meetings and are as far as possible to be present at company meetings. The work of the Board is primarily done within the framework of formal board meetings and the meetings of the Board's two committees, the Audit Committee and the Benefits Committee.

Every 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 general 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. Board committees act as working groups for the Board.

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 as a whole at least once per year. The Board's meeting with the auditors takes place without the presence of the CEO or other members of Key management.

Work of the Board 2007

In 2007 the Board held one statutory meeting, four regular meetings and six extraordinary meetings. Subjects dealt with during the year include:

- · Financial statements, press release for interim and year-end result
- Company and owner matters
- Annual report, audit report
- Interim report, first quarter
- Investment matters and licence applications
- Statutory meeting after the AGM
- Owner's changed assignment and company matters
- Interim report, second quarter, and strategic plan for business direction
- Investment and agreement matters and responsible gaming measures
- Interim report, third quarter
- Business plan and budget as well as organisational changes.

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 Board appoints the members of the committees from within its ranks. Work in the Board's 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 has three members. The Audit Committee's members since the statutory meeting in April 2007 were Jan Blomberg (Chairman), Curt Malmborg and Karin Johansson.

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 2007. The presence of members at committee meetings is presented on page 103. The work of the Audit Committee during the year involved a review of the financial reporting, the independent position of the auditors and the internal auditing function. Certain assignments that are not auditrelated and which 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 Benefits Committee has three members. The members of the Benefits Committee since the statutory Board meeting in April 2007 have been Anders Gustafzon (Chairman), Lena Jönsson and Lars Otterbeck.

The responsibilities of the Benefits Committee are described in the Rules of Procedure for the Board. The Committee prepares issues related to benefits and other employments terms for Key manage-

In 2007 the Benefits Committee met on one occasion. Committee meeting attendance is presented on page 103.

Composition of the Board

In 2007 the Board consisted of seven elected directors. The Board also had three directors and three alternates appointed by employees via the employee associations. The CEO is not a director. A description of each director's age, education, main professional experience, other board assignments and number of years as a director of Svenska Spel is presented on page 108. Three of the directors are women and four are men. The average age is 57. Four of the employee representatives are women and two are men. The average age is 42.

CEO and Key management

The Board appoints the CEO who is responsible for the operating activities of the Company. Jesper Kärrbrink has been President and CEO of Svenska Spel since 2004. His education and professional experience are described on page 110.

Members of Svenska Spel's Key management are presented on page 110.

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 25 April 2007, and stipulate that:

- 1. Policies apply to all members of Key management.
- 2. Fixed monthly salary and company car entitlement, which 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, the term of notice is not to exceed 6 months.
- 8. On termination by the Company, severance pay may be paid equivalent to not more than 18 months' salary excluding the term of notice.
- 9. 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 for other members of Key management are made by the CEO.

All members of Key management, including the CEO, receive a fixed salary and pension benefits and normal retirement age 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 87–88.

Svenska Spel does not have any share or share-price related incentive schemes for the Board or Key management.

Auditors

The State ownership policy stipulates that the election of auditors for State-owned companies is always the responsibility of the owner. The actual procurement process is handled by the Company's finance department and the Audit Committee, with the final decision being taken by the owner at the AGM.

Procurement of auditing services took place in 2007. At the 2007 AGM, accounting firm Öhrlings PricewaterhouseCoopers was elected as auditor.

The auditor in charge is authorised public accountant Per Wardhammar (born 1951).

Per Wardhammar also has auditing assignments in Vasallen, 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 20 April 2007 the State Audit Institution appointed authorised public accountant Lars Nordstrand (born 1954), as auditor and Staffan Nyström as deputy auditor. These appointments will apply until the 2008 Annual General Meeting. Lars Nordstrand also has audit assignments with Apoteket AB, the University of Gothenburg, the Karolinska Institute and Lantmäteriet.

Neither Per Wardhammar or Lars Nordstrand have audit assignments for companies that would affect their independence as auditors for AB Svenska Spel.

In 2005 the auditors conducted their audit based on an audit schedule established in consultation with the Board's Audit Committee. In addition to the audit, Öhrlings PricewatershouseCooper has performed certain other services for Svenska Spel. In 2007 this included advisory services in taxation and corporate issues. When Öhrlings PricewaterhouseCoopers is contracted for services other than standard auditing, they are carried out in accordance with the rules of the Audit Committee for prior approval of the nature of the service and the scope of and payment for the service. Svenska Spel deems that the services performed do not compromise the independent role of the auditors.

The auditors and accounting firm received remuneration as prescribed by law for audit work and other assignments and for consulting work and other audit-related services. Payment has also been made for independent consulting to the amount of SEK 452 thousand (734). Information on audit fees is found in Note 7 on page 88.

Report of the Board on internal control of financial reporting in 2007

Svenska Spel's report on internal control pertaining to financial reporting is prepared in accordance with the Swedish Code of Corporate Governance ("the Code") and is part of the Corporate Governance Report. The report is limited to the organisation of internal control pertaining to financial reporting. It has not been reviewed by the Company's auditors.

The Board is responsible in accordance with the Swedish Annual Accounts Act and the Code for internal control.

Organisation of internal control pertaining to financial reporting

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 affected personnel to gain reasonable assurance of the correctness of the financial reporting.

Internal audit

The Group has an internal audit department that focuses on such matters as reviewing and ensuring the quality of the financial information and reporting, the security of internal control systems and compliance with rules. 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.

Control environment

Svenska Spel's work with internal control 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 broken down by objectives per division are uniformly documented for the whole 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 several key processes. A process of tightening the control environment by preparing a comprehensive description of processes for financial reporting was started in 2006. 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 main and most significant risk for the Group's financial reporting is related to the process for accounting for 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 financial reporting implemented also includes risk assessment and the control structures for managing

A clear division of responsibility within the finance department and detailed work routines 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 that affect financial reporting is checked 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

Following the completion of its certification audit, 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 27001:2005. The standard includes requirements for the assurance of availability, accuracy and traceability for all business-critical information.

Information and communication

Important routines and instructions of significance for financial reporting are updated and communicated to the relevant employees on a regular basis. Financial routines for managers are available on the Company's intranet, in conjunction with the Group's other policies. The introduction of new employees involves a review of Group policies. All employees are informed about new or amended policies at each quarterly information meeting.

Monitoring

The Board of Directors reviews the information provided by management and the Audit Committee on a 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 for the past 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/job descriptions are updated regularly as soon a change has occurred.

Visby, 12 March 2008

Anders Gustafzon Stefan Borg Björn Fries Chairman Director Director Karin Johansson Lena Jönsson Lena Melinder Director Director Director Lars Otterbeck Anders Andersson Bertil Sandström Director Director/Employee representative Director/Employee representative Elin Sundin Britta Höglund Lina Ingelsson Director/Employee representative Alternate/Employee representative Alternate/Employee representative

Sabina Lindqvist

Alternate/Employee representative

Board of directors

Anders Gustafzon, born 1943

Chairman since 2003

Other board assignments

Chairman of Bostocken AB, director of Prenax Global AB and family companies.

Previous positions and assignments

Division Manager and Vice President Föreningssparbanken Publik and Lotterinämnden.

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.

Narcotics policy coordinator at the Ministry of Health and Social Affairs. Business economist.

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.

Karin Johansson, born 1956

State Secretary, Ministry of Health and Social Affairs. Graduate degree in social work and public administration, management education from the Swedish Institute of Management, Blekinge.

Previous positions and assignments

Sales Director, Microsoft; Sales Manager, France Telecom; Political Advisor, Cabinet Office; Sales Manager, Word Perfect and director of the Communications Committee, Media Concentration Committee and Chairman of the Board of the Swedish Broadcasting Corporation.

Lena Jönsson, born 1958

Director since 2007

General director Verva. Master of Laws and graduate in administrative social work.

Other board assignments

Director of Kasernen Fastighets AB, Director of Totalförsvarets Pliktverk and Director of country adminstrative board in Söderman-

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, TV1000; Solicitor, Grönberg Advokatbyrå and Advokatfirman Baker & McKenzie; Managing Director of Rally TV; and Deputy Managing Director of Sonet Film.

Lars Otterbeck, born 1942

Director since 2007

Doctor of Economics, Senior lecturer at Stockholm School of Economics. 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)

System developer and system architect. Studies in mathematics and statistics at Uppsala University.

Previous positions and assignments System technician, Postgirot and Tipstjänst.

Bertil Sandström, born 1948

Employee representative* since 1998

Chairman of the Salaried Employees Union (HTF) club/staff Association business area. MA from Stockholm University.

Previous positions and assignments

Retailer manager, product manager, project manager, advertising manager, head of corporate sales, Penninglotteriet/Svenska Spel.

Elin Sundin, born 1979

Employee representative* (director) since 2006. Employee representative (alternate)

Inspector Dealer, Casino Cosmopol Gothenburg.

* Employees of Svenska Spel have the opportunity to influence the organisation by being an employer representative on the Board.

Alternates

Britta Höglund, born 1948

Employee representative (alternate)

System developer. Studies in systems science at Örebro University.

Lina Ingelsson, born 1979

Employee representative (alternate) since 2007

Inspector Dealer, Casino Cosmopol

Sabina Lindqvist, born 1979

Employee representative (alternate) since 2005.

Inspector Dealer, Casino Cosmopol Stockholm.



Key management

Jesper Kärrbrink, born 1964

CFO

Employed 2004. Location: Sundbyberg

Board assignments

Director of Trångsviksbolaget AB and IQube AB

Previous positions and assignments

Partner IT-Provider 2000-2004; Managing Director, Bonnier Interaktiv and Bonnier Veckotidningar 1998-1999; Managing Director, Metro International 1997; Managing Director, Östersundsposten 1993–1996; Managing Director, FrontPage AB 1989-1993.

Education

Studies in business administration (80 credits) at Örebro University.

Eva Wetterdal, born 1958

Human Resources Director Employed 2000.

Previous positions and assignments

Personnel Manager, Svenska Spel 2000–2005; consultant, Synergica 1996–2000; internal consultant and manager, Gotland Municipality 1983-1996.

Education

170 credits in sociology and political science from the University of Gothenburg and stage one in psychotherapy education.

Annica Axelsson, born 1970

Manager BRK Division (parental leave 2007) Employed 1999 Location: Sundbyberg

Previous positions and assignments

Manager of Retail Division, Svenska Spel 2005-2007; business area manager Games of Chance, Svenska Spel 2002-2005: Marketing Manager, Svenska Spel 2000-2002; Product Group Manager, Svenska Spel 1999–2000; Brand Manager, Coca-Cola 1996-1999; Market Analyst and Trainee, Coca-Cola 1995-1996.

BA from Dalarna University and MBA from University of Colorado.

Bengt Palmgren, born 1952

Chief Legal Counsel Employed 2000 Location: Sundbyberg

Previous positions and assignments

General counsel Akzo Nobel 1997-2000; General counsel Posten 1990-1997; General counsel Banco Finans 1983-1989.

Education

Master of Laws, Stockholm University.

Anders Granvald, born 1960

IT Director Employed 2003. Location: Visby

Previous positions and assignments

Operations Manager, Svenska Spel 2003-2005; Managing Director, Capital C 1998-2003; Project Manager, Alfred Berg Fondkommission 1994–1998; Project Manager, UNUM Life Insurance 1991-1994.

Education

BSc Computer Science, Umeå University.

Håkan Sjöstrand, born 1966

Acting Divisional Director Retail Division Employed 1998. Location: Sundbyberg

Previous positions and assignments

Business Area Manager Retail Outlet, Svenska Spel 2005–2006; Sales Manager Retail Outlet, 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.

Degree in Marketing Management and Master of Organisational Leadership.

Anders Hägg, born 1950

Chief Financial Officer Employed 1994. Location: Visby

Previous positions and assignments

Controller, Svenska Spel 1994–2005; Controller, Swedish Armed Forces, the Gotland Military Command; Internal consultant Swedish Armed Forces 1975-1994.

120 credits in business administration at Linköping University.

Andreas Jansson, born 1972

Corporate Communications Manager 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.

Education

BA, Stockholm University.

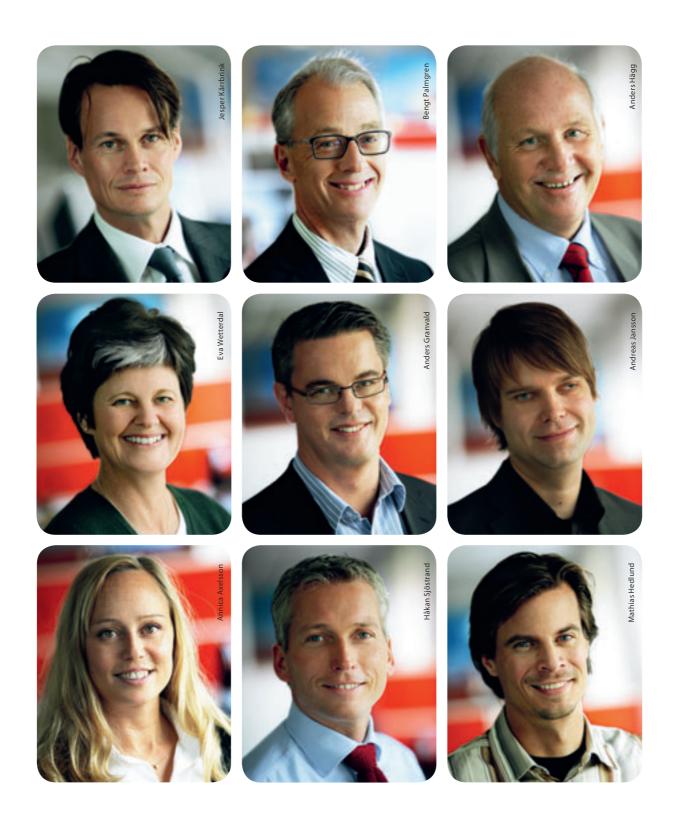
Mathias Hedlund, born 1970

Manager SoL Division Employed 1997. Location: Sundbyberg

Previous positions and assignments

Manager of Direct Division, Svenska Spel 2005–2007; Head of Business Strategy 2004–2005; Head of Strategic Planning, Svenska Spel 2003–2004; Head of Strategic Business Coordination, Svenska Spel 2001–2003; Business Area Manager, Svenska Spel 1999-2002; Marketing Manager, Svenska Spel 1997-1998; Project Manager, Golden Casket 1996–1997; Tipstjänst 1991-1996.

Studies in business administration (155 credits) at Stockholm University.



Ten-year anniversary with strong profit



en years have passed since Tipstjänst and Penninglotteriet were merged to become Svenska Spel. I've had the pleasure of being Chairman for half of this time. At the Annual General Meeting at head office in Visby on 25 April 2007 we thanked Lars-Åke Lagrell, Marianne Samuelsson, Kiell Johansson and Håkan Bergström who were leaving the Board, and

at the same time welcomed our new directors Lena Jönsson, Björn Fries, Stefan Borg and Lars Otterbeck.

The significant knowledge these new directors bring in the fields of gaming, responsible gaming, problem gaming and gaming dependency will be of great benefit to us in the future. Svenska Spel's assignment has been reformulated by the Government and greater emphasis placed on the Company's work with responsible gaming and the prevention of problem gaming.

Responsible gaming in itself is an area where Svenska Spel is already highly prominent and one of the strategies is that we continue to be world leading in this area. We're proud of our award-winning internet site, where our poker is the safest to be found on internet today. The new tool "Spelkoll" has also roused a great deal of interest, not only amongst the 18,833 players that have adopted it in the last few months, but also at international gaming conferences. A growing number of regulated gaming companies in other countries are now aware of the Swedish model and some have drawn

up proposals to introduce similar responsible gaming tools in their own countries.

This is in line with our ambition for more international cooperation than we already have today with Viking Lotto, Stryktipset and Europatipset. Following the closure of the operator business we started last year in Lithuania, we are looking for other types of cross-border partnership.

We can look back at yet another year where Svenska Spel presents its best result ever. Net gaming revenue increased by eight per cent and profit reached SEK 5,247 million. We can go far with motivated, responsible and creative employees, an efficient organisation and a hardworking body of retailers across the country. An extra bonus in the strong profit is of course also the strong overall business cycle that has prevailed in Sweden. Our owner the State and the sporting movement with its arrangements for children and youth have every reason to be pleased, as do the people of Sweden, for the community benefit generated by Svenska Spel.

We have long anticipated political action on the gaming market that would address the chaotic situation we have lived with since foreign internet companies entered the Swedish gaming market, with marketing and gaming offers in conflict with Swedish lotteries legislation. There is at yet no solution, but we look forward with excitement and interest to the outcome of the inquiry initiated by the Ministry of Finance and of the EU Commission's hearing of the breach of treaty case against Sweden.

In the meanwhile Svenska Spel is ready to defend its market leadership position regardless of whatever form of regulation or ownership conditions the future might bring. We believe 2008 will be yet another successful year - and definitely a year with many attractive gaming objects from the European Football Championship and the Summer Olympics to look forward to.

Anders Gustafzon Chairman, Svenska Spel

Glossary

Gross gaming revenue Payment for all purchased lotteries and stakes for all gaming during the period.

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 gross gaming 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. A portion of the profit from Penninglotten is paid to cultural projects. The remainder goes to the State Treasury.

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.

"Spelkoll" "Spelkoll" is a unique service on svenskaspel.se that actively works to prevent problem gaming through detecting players that risk having gaming problems in the future.

Channelling Svenska Spel has the ambition to channel as much as possible of Swedish gaming from foreign internet companies to our own regulated, secure environment.

Retail Outlets The retail chains, warehouses, foodstores, petrol stations, etc. that sell Svenska Spel's games and lotteries under agreement.

Business partners The restaurants, pubs, bingo halls etc. that provide gaming on Vegas VLTs in premises in partnership with Svenska Spel.

Test visits Svenska Spel contracts external suppliers that make anonymous customer visits to retailers and business partners to check compliance with the rules related to age limits and identification.

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