



INTERIM REPORT

January – March 2005

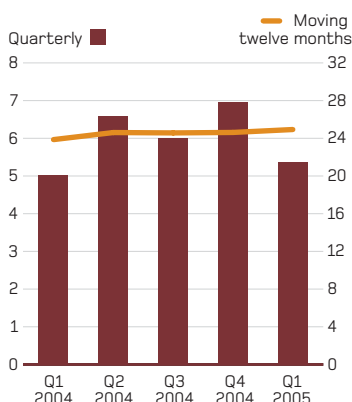
This is a translation. The Swedish version is the official.

Q1

- Sales volumes in the first quarter of 2005 amounted to 5.4 million 9-litre cases, an increase of 6 per cent compared with the corresponding period last year. The increase is mainly attributable to good growth in North America and some European countries.
- In the same period, the Group's net sales increased by 1 per cent to SEK 1,993 million. With an unchanged dollar exchange rate, sales would have increased by 5 per cent.
- Operating profit decreased by 10 per cent to SEK 318 million. The difference compared with the development of volumes is mainly due to the weakened US dollar, but also to that marketing activities have been brought forward compared to last year.
- Profit after tax decreased by 14 per cent to SEK 210 million.
- ABSOLUT VODKA introduced important market activities in China. A Chinese homepage has been established and the Group's presence in the region has expanded.
- The launch of ABSOLUT APEACH, a peach-flavoured vodka was announced. Sales will start in the US and Sweden during the spring.

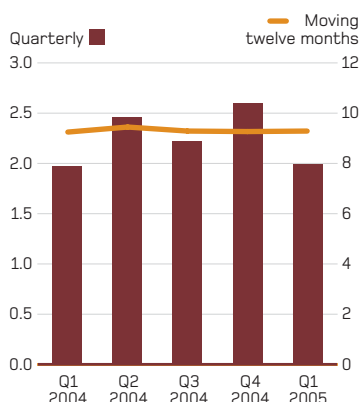
SALES VOLUME

Million 9-l cases



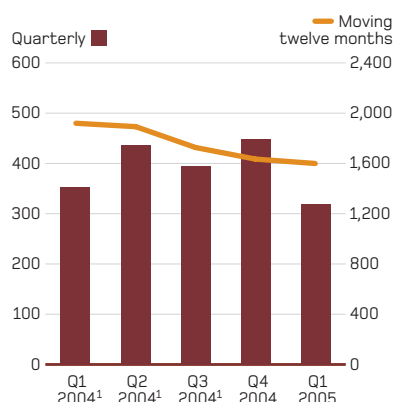
NET SALES

SEK bn



OPERATING PROFIT

SEK mn



¹ 2003 results included in the moving 12 months figures recalculated according to IFRS for comparability.

KEY RATIOS FOR THE GROUP

	Q1 2005	Q1 2004	Full year 2004
Sales volume, million 9-litre cases	5,358	5,042	24,600
Net sales, SEK mn	1,993	1,975	9,264
Operating profit, SEK mn	318	354	1,633
Profit after tax, SEK mn	210	244	1,099
Operating margin ¹ , %	16.0	17.9	17.6
Cash flow before financing activities, SEK mn	212	105	1,082
Return on shareholders' equity ² , %	21.7	23.1	23.1
Interest-bearing net liability ³ , SEK mn	3,920	5,221	3,943
Debt/equity ratio ⁴ , times	0.8	1.2	0.8
Equity/assets ratio ⁵ , %	33.5	29.9	34.9

¹ Operating profit as a percentage of net sales.

² Net profit (moving 12 months) as a percentage of average shareholders' equity.

³ Interest-bearing liabilities less interest-bearing assets, calculated at end of period.

⁴ Interest-bearing net liability divided by shareholders' equity, calculated at end of period.

⁵ Shareholders' equity as a percentage of total assets.

MARKET AND SALES

Sales volumes in the first quarter of 2005 amounted to 5.4 million 9-litre cases (5.0), an increase of 6 per cent compared with the corresponding period last year. The net increase is due to the good volume development for V&S Absolut Spirits particularly in North America and continental Europe and V&S Distillers in Europe, which more than compensated for the continued decreases in sales of both spirits and wines in the Swedish market.

The Group's invoiced sales for the same period excluding excise taxes increased by 1 per cent, to SEK 1,993 (1,975) million. The continued deterioration in the US dollar exchange rate had a negative impact of SEK 78 million on sales revenues. With a constant dollar, sales would have increased by 5 per cent, or approximately in line with volume.

Compared with the last quarter of 2004, volume and sales both decreased by 23 per cent, which is explained by seasonal variation – the fourth quarter is usually the strongest of the year.

PROFIT

The Group's operating profit for the first quarter decreased to SEK 318 (354) million, or by 10 per cent, compared with the same period last year. The effect of the US dollar explains the majority of the decrease, although marketing activities that have been brought forward in comparison to the first quarter 2004 have also contributed.

Profit after tax for the period amounts to SEK 210 (244) million.

Comparison with the last quarter of 2004 is impacted also by seasonal variations and both operating profit and net profit after tax is then down by 29 per cent.

DEVELOPMENT BY BUSINESS AREA

V&S Distillers

The business area encompasses the Group's spirits activities in the Nordic region and Central Europe.

Sales volumes for V&S Distillers in the first quarter of 2004 increased by 12 per cent to 1.3 million 9-litre cases (1.2). The

total includes a significant decrease in Sweden, good increases in Finland and Denmark and a strong recovery after a poor year in the Czech Republic. Developments in the Nordic markets are closely associated with excise rate differentials, and Sweden's very high excises in relation to neighbouring countries has led to drastic reductions of registered sales in Sweden. In Finland and Denmark alike, the effect of each country's reduction in alcohol excises has now receded, in particular because both countries face competition from neighbouring countries with even lower excise taxes. The volume increases achieved by V&S Distillers in spite of the weak development of the market therefore signify increased market shares. Exports of V&S Distillers' products to countries outside of the market area have also increased.

Sales income during the first quarter totalled SEK 418 (406) million, an increase of 3 per cent on the first quarter of 2004. The fact that sales have not increased as much as volumes is due to a certain shift towards lower price products, primarily through the growth of the business area in Central Europe.

Operating profit for the first three months decreased to SEK 29 (38) million. The primary reasons are that marketing costs have been brought forward combined with a shift towards lower price products with slightly lower margins.

In relation to the last quarter of 2004, volume and sales both decreased by approximately one-third, which is due to seasonal variation. V&S Distillers' beverages are the products most strongly affected by seasonal variation in the Group. In a corresponding comparison operating profit was reduced by more than half, which can be attributed completely to the fact that the fourth quarter is usually the strongest, not only for volumes but also for margins.

V&S Wine

The business area encompasses the Group's wine operations.

The weakening of the wine market in most Nordic countries which has followed increases in previous years is continuing. Only Norway and Estonia are reporting increases for the markets as a whole. V&S Wine's net increase in sales volumes during the first quarter of the year of 1 per cent to 2.1 million 9-

litre cases (2.0) therefore signifies an increase in V&S's market shares in the Nordic region. On a country level, V&S Wine's volumes were largely unchanged in each country with the exception of Estonia, where volumes increased considerably.

Sales income for the first quarter reported a net decrease of 1 per cent to SEK 455 (459) million. The changes in both volumes and sales are very small.

The business area's operating loss for the first quarter worsened to SEK –9 (–1) million. The decrease is mainly due to the takeover of the Group's logistics operation in Sweden from the beginning of the year and to reinforcements of the business area organisation.

In comparison with the previous quarter, volumes decreased by 27 per cent and sales by 35 per cent, which is completely attributable to seasonal differences between the quarters.

V&S Absolut Spirits

The business area encompasses global sales of ABSOLUT and selected other premium brands.

The first quarter reported an increase in volume of 8 per cent to 2.1 million 9-litre cases (2.0) compared with the same period last year. The increase is mainly explained by continued good development of ABSOLUT VODKA. Last year's new flavour ABSOLUT RASPBERRI and this year's ABSOLUT APEACH, sold in the distribution stage prior to the launch, made significant contributions. Sales volumes have increased in North America, with a particularly high increase in Mexico resulting from the completion of the transfer to a new distributor, and also on several important markets in Europe and on the Duty Free markets worldwide. The earlier positive development in China is continuing and has been supported by significant market initiatives such as an advertising campaign based around the Chinese new year, Chinese homepages for ABSOLUT VODKA and an increased presence in the region.

Nominally, sales for the first quarter were virtually unchanged compared with the same period last year, SEK 1,102 (1,097) million. If the effect of the weakened US dollar exchange rate against the Swedish kronor is excluded, sales increased by the same percentage as volume, 8 per cent.

Operating profit has also been affected by the US dollar. Without the dollar effect, operating profit would have improved by 5 per cent, instead it has decreased nominally by 3 per cent to SEK 348 (360) million. Sales prices set in local currencies have not decreased, but the level of market investment is still higher than before.

Compared to the final quarter of 2004, volumes are down by 14 per cent, sales by 13 per cent and operating profit by 9 per cent. These changes are entirely due to seasonal differences.

INVESTMENT

During the first quarter, the Group's total investment has been relatively limited. Investments in fixed assets amount to SEK 35 million (77), primarily capacity and environmental investments in Åhus. After the year's depreciations, write-down and translation differences, fixed assets increased by SEK 301 million to SEK 10,025 million.

CASH FLOW

Cash flow from operating activities during the quarter amounted to SEK 248 (165) million. The Group's liquid funds increased by SEK 217 (decreased by 115) million during the same period. Net interest-bearing loans for the Group decreased by SEK 23 million during the first three months of the year, and liquid funds on 31 March amounted to SEK 1,679 (843) million. Together with confirmed loan promises, the Group has a liquidity reserve of SEK 7,160 (4,427) million.

PARENT COMPANY

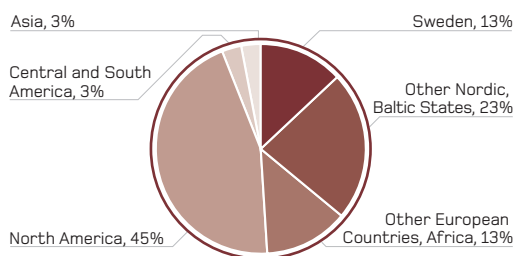
Net sales for the first quarter amounted to SEK 1,217 (1,179) million. Profit after financial income and expenses totalled SEK 273 (258) million. The average number of employees during the period was 737 (740). Liquid funds and short-term investments totalled SEK 1,315 (504) million on 31 March.

A dividend of SEK 400 million was established at the Annual General Meeting on 30 March. Claes Dahlbäck (chairman) was re-elected to the Board of Directors, together with Anders Björck, Lars Danielsson, Jonas Iversen, Ebbe M Loiborg, Arne Mårtensson, Helle Kruse Nielsen and Mats G Ringesten, and Inger Lundberg was elected as a new member. The Board also includes employee organisation representatives Johan Lund and Jan Lundin, and their deputies Kent Karlsson and Roger Möller.

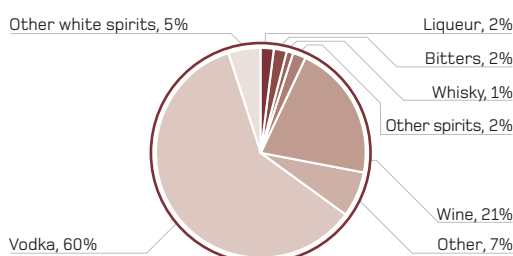
In addition, the AGM adopted the following financial goals:

- The Group's recorded equity/assets ratio should be 35 per cent.
- The Group's dividend shall be 10.5 per cent of the average recorded shareholders' equity in the long term. When establishing the dividend, the company's financial position and expected capital needs must be taken into consideration.
- The Group shall be evaluated based on the financial goals for the period up until the end of 2010, when the goals shall also be evaluated and possibly revised.

NET SALES BY GEOGRAPHICAL MARKET



NET SALES BY PRODUCT CATEGORY



SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

An agreement has been signed to divest V&S Distillers' brands and operations in the Czech Republic. The divestment is based on the assessment that the scope of the operation is not optimal from a cost and competition perspective.

In the international spirits markets a bid was announced in April by Pernod Ricard for Allied Domecq. Connected to the bid is an undertaking by Fortune Brands to acquire certain brands. V&S is indirectly affected as Fortune Brands is the majority owner of Jim Beam, in which V&S holds 10 per cent, and also through the distribution partnership with Jim Beam in the USA and through Maxxium in a number of other important markets in the world. If the transaction is completed in line with the announced plans it will mean that the distribution partnership is reinforced through the inclusion of some additional strong brands and considerable volumes.

ACCOUNTING PRINCIPLES

In accordance with the IAS rules adopted by the European Union (EU) in 2002, listed companies within the EU must apply the International Financial Reporting Standards (IFRS) as of 2005. V&S makes it a principle to prepare its financial reports in the same way as listed companies and is therefore following IFRS. Consequently, this interim report has been prepared in accordance with IFRS and the interpretations of these rules accepted by the EU, IFRIC. This report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounts presented in this report are based on IFRS standards in their current form. Changes and interpretations may be published during 2005 and affect the final accounts for the year.

For V&S, it is primarily IFRS 3, IAS 38 and IAS 39 which give rise to changes. IFRS 3 Business Combinations means that goodwill may no longer be amortized. Instead the value of goodwill shall be reviewed annually. IAS 38 Intangible Assets contains a similar rule regarding intangible assets with an

indefinite useful life. Jointly this means that V&S is decreasing its amortization by SEK 300 million a year, and that amortization before 1 January 2004 totalling SEK 602 million shall be reversed.

According to IAS 39 Financial Instruments: Recognition and Measurement, financial assets and liabilities shall be reported at fair value. V&S has applied IAS 39 as of 1 January 2004, and consequently the value of financial assets and liabilities in the opening balance has decreased by SEK 1,200 million.

The above changes may also have a large impact on the Group's deferred tax liability, which has been affected by SEK 822 million in the opening balance. The Group's tax expense and liability is continuously affected by changes in exchange rates.

In the document "Transition to IFRS", V&S presented a more detailed description of the new accounting principles and how they affect V&S's financial results and position. The document can be viewed at www.vsgroup.com. IFRS 4 Insurance Contracts and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations shall be applied as of 1 January 2005 and are the exceptions to the requirement to recalculate the comparison year 2004.

Since 1 January 2005, the parent company has applied RR 32 Financial reporting for legal entities. RR 32 mainly entails the implementation of IFRS but with certain exceptions. The application of RR 32 will have only marginal effect on the parent company's financial results and position.

OTHER

This interim report has not been subject to examination by the company's auditors.

V&S Vin & Sprit AB (publ) is a company wholly owned by the Swedish state. The Group, V&S Group, consists of the parent company and operating activities in Sweden, Denmark, Finland, Norway, Estonia, Germany, Poland, the Czech Republic, Chile, the USA, Great Britain and France.

CONSOLIDATED INCOME STATEMENT

SEK mn	Q1 2005	Q4 2004	Q1 2004	Full year 2004
Net sales	1,993	2,605	1,975	9,264
Other operating revenues	24	26	21	96
	2,017	2,631	1,996	9,360
Operating expenses	-1,639	-2,160	-1,592	-7,535
Value adjustments of tangible and intangible assets	-43	-64	-40	-199
Shares in associated companies' profits after tax	-17	41	-10	7
Operating profit	318	448	354	1,633
Financial income and expenses	-11	-8	6	-14
Profit before taxes	307	440	360	1,619
Taxes	-97	-142	-116	-520
NET PROFIT FOR THE PERIOD	210	298	244	1,099
Net profit for the period attributable to:				
The parent company's shareholders	208	295	245	1,097
Minority owners	2	3	-1	2
Profit per share (500 pcs)	0.42	0.60	0.49	2.20

RECONCILIATION OF PROFIT FOR THE PERIOD ACCORDING TO IFRS

SEK mn	Q4 2004	Q1 2004	Full year 2004
Net profit for the period according to previous accounting principles	237	177	844
Reversed amortisation of goodwill and intangible assets	64	80	300
Change in fair values of financial assets and liabilities	5	13	26
Minority share of net profit for the period	3	–1	2
Deferred tax	–10	–23	–68
Other	–1	–2	–5
Total IFRS adjustments	61	68	255
Profit for the period according to IFRS	298	244	1,099

CONSOLIDATED BALANCE SHEET

SEK mn	31 Mar 2005	31 Dec 2004
Tangible fixed assets	1,724	1,720
Intangible fixed assets	4,861	4,724
Financial fixed assets	3,440	3,280
Total fixed assets	10,025	9,724
Inventories etc.	1,067	1,016
Current receivables	2,017	2,469
Short-term investments	1,244	852
Cash and bank balances	435	611
Total current assets	4,763	4,948
TOTAL ASSETS	14,788	14,672
Shareholders' equity attributable to the parent company's shareholders	4,883	5,049
Shareholders' equity attributable to minority owners	72	70
Long-term interest-bearing liabilities	4,806	4,625
Provisions for pensions	105	102
Deferred tax	1,908	1,922
Other long-term liabilities	24	25
Current interest-bearing liabilities	688	679
Other current liabilities	2,302	2,200
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,788	14,672

CONSOLIDATED CASH FLOW ANALYSIS

SEK mn	Q1 2005	Q4 2004	Q1 2004
Cash and cash equivalents at beginning of period	1,462	852	958
<i>Cash flow from operating activities before changes in working capital</i>	<i>301</i>	<i>390</i>	<i>275</i>
<i>Cash flow from changes in working capital</i>	<i>–53</i>	<i>353</i>	<i>–110</i>
Cash flow from operating activities	248	743	165
Cash flow from investing activities	–36	–98	–60
Cash flow from financing activities	—	–51	–226
CASH FLOW FOR THE PERIOD	212	594	–121
Exchange rate difference in cash and cash equivalents	5	16	6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,679	1,462	843

The transition to IFRS has no substantial effect on the consolidated cash flow analysis

EMPLOYEES

	Q1 2005	Q4 2004	Q1 2004
Average number	2,263	2,401	2,405

CONSOLIDATED CHANGE IN SHAREHOLDERS' EQUITY FOR THE PERIOD

SEK mn	Q1 2005	Q1 2004
At beginning of period	5,119	4,376
Dividend	–400	–350
Net profit for the period	210	244
Translation difference for the period	26	27
At end of period	4,955	4,297
Shareholders' equity attributable to:		
The parent company's shareholders	4,883	4,238
Minority owners	72	59

RECONCILIATION OF SHAREHOLDERS' EQUITY ACCORDING TO IFRS

SEK mn	31 Dec 2004	31 Mar 2004
Shareholders' equity according to previous accounting principles	5,000	4,395
Reversed amortization of goodwill and intangible assets with an indefinite useful life	887	682
Integral foreign operations previously translated using the monetary/non-monetary method	7	8
Revaluation of financial assets and liabilities, and financial derivatives	39	13
Fund for actual value	34	–2
Minority interest component of shareholders' equity	70	59
Deferred tax	–886	–828
Review of balance sheet items	–32	–30
Total IFRS adjustments	119	–98
Shareholders' equity according to IFRS	5,119	4,297

CONSOLIDATED QUARTERLY DATA

	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Volumes, thousand 9-l cases	5,358	6,956	6,022	6,580	5,042
Net sales, SEK mn	1,993	2,605	2,223	2,461	1,975
Operating profit, SEK mn	318	448	394	437	354
Operating margin ¹ , %	16.0	17.2	17.7	17.8	17.9

¹ Operating profit as a percentage of net sales.

CONSOLIDATED SEGMENT DATA

Q1	Volymes		Net sales		Operating profit	
	2005	2004	2005	2004	2005	2004
V&S Distillers	1,284	1,151	418	406	29	38
V&S Wine	2,066	2,037	455	459	–9	–1
V&S Absolut Spirits	2,109	1,960	1,102	1,097	348	360
Other and eliminations	–101	–106	18	13	–50	–43
	5,358	5,042	1,993	1,975	318	354

The next Interim Report is published on 19 August.

Stockholm, 29 April 2005

Bengt Baron
Chief Executive Officer