



# INTERIM REPORT

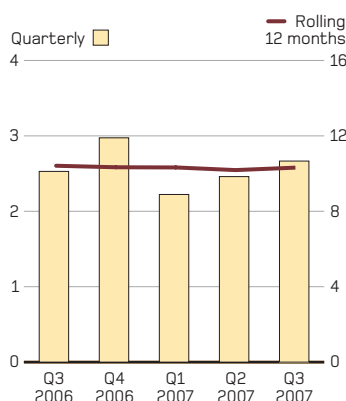
January – September 2007

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

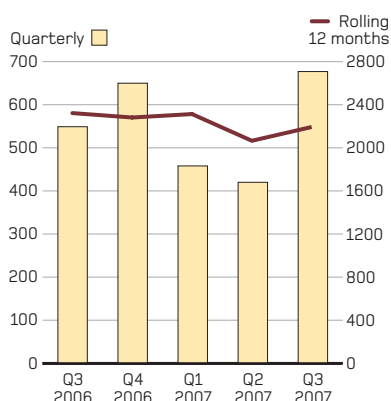
# Q3

- Net sales for the first nine months of 2007 amounted to SEK 7,349 (7,371) million. For comparable units, net sales rose by 7 per cent.
- Operating profit for the first nine months declined by 5 per cent to SEK 1,555 (1,634) million. For comparable units, operating profit rose by 14 per cent.
- The weaker US dollar compared to the same period last year affected net sales by SEK –215 million and operating profit by SEK –130 million.
- Profit after tax increased by 5 per cent to SEK 1,003 (955) million.
- Sales volume increased by 4 per cent to 19.1 million 9-litre cases (18.3). For comparable units, sales volume was up 5 per cent.
- Development in the third quarter was very strong compared to last year despite the lower dollar exchange rate. Net sales rose by 5 per cent, operating profit by 23 per cent and sales volume by 9 per cent.
- Sales of ABSOLUT VODKA continue to increase, with a very strong third quarter in the United States as well as on most other prioritized markets.
- After the end of the period the launch was announced of a new flavoured vodka, ABSOLUT MANGO. Sales will commence in February 2008.

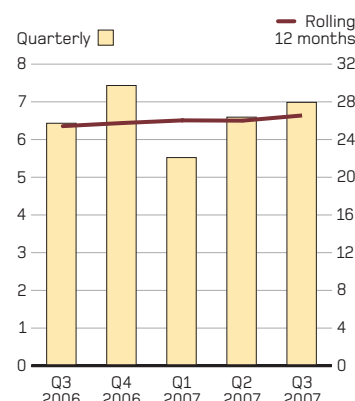
NET SALES  
SEK bn



OPERATING PROFIT  
SEK mn



SALES VOLUME  
Million 9-l cases



## KEY RATIOS FOR THE GROUP

	Q3 2007	Q3 2006 <sup>7</sup>	Jan–Sep 2007	Jan–Sep 2006 <sup>7</sup>	Rolling 12 months	Full year 2006
Net sales, SEK mn	2,666	2,529	7,349	7,371	10,323	10,345
Operating profit, SEK mn	677	549	1,555	1,634	2,196	2,275
Profit for the period, SEK mn	423	329	1,003	955	1,625	1,577
Operating margin <sup>1</sup> , %	25.4	21.7	21.2	22.2	21.3	22.0
Cash flow before financing activities, SEK mn	755	–759	1,535	–357	1,818	–74
Return on equity <sup>2</sup> , %	–	–	22.9	22.4	–	22.3
Interest-bearing net liability <sup>3</sup> , SEK mn	–	–	4,302	5,826	–	5,267
Debt/equity ratio <sup>4</sup> , times	–	–	0.6	0.9	–	0.7
Equity/assets ratio <sup>5</sup> , %	–	–	43.6	36.0	–	40.5
Sales volume, thousand 9-litre cases	6,986	6,432	19,102	18,299	26,535	25,732
Average number of employees <sup>6</sup>	–	–	2,145	2,326	–	2,304

<sup>1</sup> Operating profit as a percentage of net sales.

<sup>2</sup> Net profit (rolling 12 months) as a percentage of average equity.

<sup>3</sup> Interest-bearing liabilities less interest-bearing assets, calculated at end of period.

<sup>4</sup> Interest-bearing net liability divided by equity, calculated at end of period.

<sup>5</sup> Equity as a percentage of total assets.

<sup>6</sup> Average number of employees based on number of hours worked.

<sup>7</sup> In the fourth quarter of 2006, the Group altered its method of accounting for its joint venture Future Brands. The comparison figures for quarters one to three of 2006 have been recalculated accordingly.

## THE GROUP

## Market and Sales

Group net sales for the first nine months of the year excluding alcohol excise amounted to SEK 7,349 (7,371) million. The change in exchange rates, primarily the lower US dollar rate compared to the same period last year, has reduced sales by approximately SEK –215 million. For comparable units, growth amounted to 7 per cent. V&S Absolut Spirits continues to show good growth after a very strong third quarter. V&S Distillers has increased net sales through continued strong growth on the Polish vodka market. V&S Wine increased net sales on several markets. Group sales include Florida Distillers' sales figures in the amount of SEK 166 (524) million. The operation was divested on 1 April.

Total Group sales volume increased by 4 per cent to 19.1 million 9-litre cases (18.3). For comparable units, sales volume rose by 5 per cent.

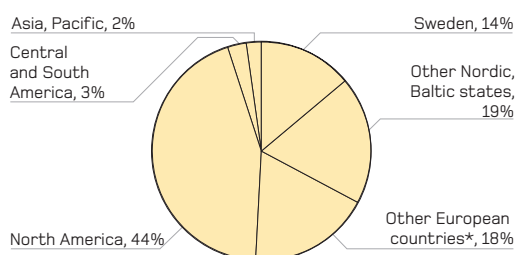
Net sales for the third quarter of 2007 amounted to SEK 2,666 (2,529) million, a rise of 5 per cent on the corresponding period last year. The change in the US dollar

exchange rate compared to the same quarter last year has affected sales by approximately SEK –70 million. For comparable units, net sales were up 13 per cent. Sales volume amounted to 7.0 million 9-litre cases (6.4), an increase of 9 per cent. All business areas record good growth during the quarter, particularly V&S Absolut Spirits.

## Profit

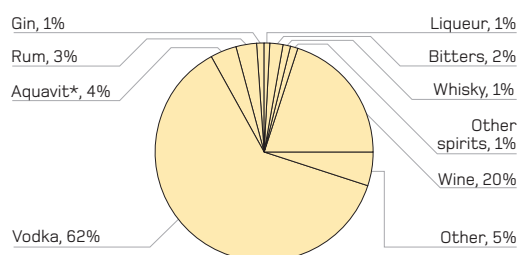
Group operating profit for the first nine months declined by 5 per cent to SEK 1,555 (1,634) million and the operating margin was 21 per cent (22). In total, exchange rate fluctuations compared to the same period last year have affected operating profit by approximately SEK –130 million. The comparison is also influenced by a considerably higher capital gain from divestments in 2006. For comparable units, operating profit was up 14 per cent. V&S Absolut Spirits in particular continues to show strong organic growth. The other business areas have developed positively during the period compared with the previous year. The operating profit for

## NET SALES BY GEOGRAPHICAL MARKET



\* Including CIS, the Middle East and Africa.

## NET SALES BY PRODUCT CATEGORY



\* Including other spiced spirits.

the first nine months includes Florida Distillers' operating profit in the amount of SEK 32 (40) million, as well as capital gains totalling SEK 21 (143) million from the divestments of Florida Distillers and the production of industrial alcohol.

Net financial income and expenses totalled SEK -70 (-209) million. The improvement in financial income and expense can primarily be attributed to lower interest costs due to lower borrowing overall, as well as a positive exchange rate income of SEK 109 million on loans raised and forwards. The exchange rate income is counterbalanced by an equally large tax expense. See also page 5 for further information.

Profit for the first nine months increased by 5 per cent to SEK 1,003 (955) million.

Operating profit for the third quarter increased by 23 per cent to SEK 677 (549) million, even though changes in exchange rates compared to the same quarter last year had an adverse effect amounting to approximately SEK -40 million. The improvement in the figure is mainly due to strong increase in sales during the quarter. Profit for the period totalled SEK 423 (329) million, a rise of 29 per cent.

## DEVELOPMENT BY BUSINESS AREA

### V&S Absolut Spirits

The business area encompasses global sales of ABSOLUT VODKA, Cruzan Rum, Plymouth Gin, Level Vodka and Fris Vodka.

ABSOLUT PEARS was launched in the United States in January, and ABSOLUT 100 was launched on the global Duty Free & Travel Retail market in March and in the United States in September. Both products will gradually be launched on other markets. July saw the launch of ABSOLUT NEW ORLEANS in the United States. The mango-flavoured vodka with a light aroma of black pepper was sold as a limited edition, and all proceeds will go to help rebuild the city of New Orleans. In October the launch of a new flavoured vodka was announced, ABSOLUT MANGO. Sales will begin in February 2008 on the global Duty Free & Travel Retail market. The business area sees no strategic interest in the market for pre-mixed drinks and has therefore phased out ABSOLUT CUT.

Cruzan Black Cherry was launched in the United States in May, the brand's ninth flavour. Cruzan Rum has also been launched in Spain.

Net sales for the first nine months of the year increased by 3 per cent to SEK 4,398 (4,283) million. The change in the US dollar exchange rate compared to the same period last year has affected sales by approximately SEK -210 million. Excluding currency effects and Danzka Vodka which was divested in 2006, net sales rose by 10 per cent. Sales volume increased by 8 per cent to 8.7 million 9-litre cases (8.1). For comparable units, volume growth amounted to 10 per cent. Growth is primarily attributable to continued sound development for ABSOLUT VODKA and Cruzan Rum. Sales of ABSOLUT VODKA increased in the United States and on most prioritized markets. The positive development of

ABSOLUT VODKA in the United States is continuing.

Sales from distributor to retail increased by approximately 4 per cent during the period. In its first year of full integration in V&S Group, Cruzan Rum is showing strong growth in both volume and net sales.

Operating profit increased by 9 per cent to SEK 1,442 (1,321) million and the operating margin improved to 33 per cent (31). The lower dollar exchange rate compared to the same period last year has affected operating profit by approximately SEK -125 million. Excluding currency effects, operating profit increased by 21 per cent. The improvement is mainly due to continued organic growth and good cost efficiency.

Net sales for the third quarter of 2007 amounted to SEK 1,667 (1,496) million, a rise of 11 per cent on the corresponding period last year. Excluding currency effects of approximately SEK -70 million, net sales rose by 17 per cent. Sales volume amounted to 3.3 million 9-litre cases (2.9), an increase of 14 per cent. Operating profit for the third quarter increased by 30 per cent to SEK 598 (461) million despite the lower dollar exchange rate, and the operating margin amounted to 36 per cent (31). The lower dollar exchange rate compared to the same quarter last year has affected operating profit by approximately SEK -45 million. The improvement in operating profit is due to a strong rise in sales of ABSOLUT VODKA, both in the United States and on most prioritized markets. US distributors have built up their stocks after previous stock reductions, primarily during the second quarter. Stock levels are now estimated to be in line with last year.

### V&S Distillers

The business area encompasses the Group's spirits activities in Northern Europe.

Several new products were launched during the first six months, including Malteser Bitter on the German market and Aalborg Nordguld Aquavit. Gammel Dansk Asmund, a premium bitter, was launched during the third quarter.

Production of industrial alcohol was divested on 1 June 2007.

Spirits sales in the subsidiary V&S Norway (formerly Amundsen AS) are included in the business area's figures from 1 January 2007, whereas they were recognized in V&S Wine in 2006.

Net sales for the first nine months of the year increased by 7 per cent to SEK 1,416 (1,323) million. Sales volume increased by 9 per cent to 4.2 million 9-litre cases (3.9). For comparable units, net sales increased by 3 per cent and sales volume by 7 per cent. The improvement both in sales volume and net sales is due to a continued strong rise in vodka sales on the Polish market.

Operating profit increased by 7 per cent to SEK 165 (154) million and the operating margin amounted to 12 per cent (12). Higher sales of vodka have impacted positively on operating profit, although this has been countered by lower sales of other product groups and market investment for new launches.

Net sales for the third quarter of 2007 amounted to SEK 498 (455) million, a rise of 9 per cent on the corresponding period last year. Sales volume increased by 12 per cent to 1.5 million 9-litre cases (1.4). Operating profit for the third quarter increased by 36 per cent to SEK 72 (53) million, mainly due to a continued increase in vodka sales on the Polish market.

#### V&S Wine

The business area encompasses the Group's wine business, and operates in Northern Europe.

In May the range was extended with further products from the Foster's Wine Estates portfolio for distribution on the entire Nordic market. The wine portfolio includes Lindemans and Wolf Blass.

Sales for 2006 also include spirits sales in the subsidiary V&S Norway (formerly Amundsen AS), although from 1 January 2007 these figures are recognized in V&S Distillers.

Net sales for the first nine months of the year increased by 4 per cent to SEK 1,539 (1,474) million. Sales volume was down 2 per cent to 6.6 million 9-liter cases (6.7) due to a shift in the product mix: sales of products at lower prices have decreased partly in Denmark due to reduced sub-contracted bottling, and in Estonia where the sale of brewery products has ceased. For comparable units, net sales were up 8 per cent and sales volume was in line with last year. Net sales increased in Sweden, Norway and Finland. The business area's operating profit for the period totalled SEK 48 (51) million and the operating margin was 3 per cent (3). The decline compared to last year is mainly due to the change in accounting for the Norwegian operation as mentioned above. Lower sales and profits in Denmark are partially counterbalanced by the positive effect from sales of the expanded Foster's range during the third quarter.

Net sales for the third quarter of 2007 increased by 10 per cent to SEK 557 (506) million. Sales volume was unchanged and amounted to 2.3 million 9-litre cases (2.3). The sale of more products from the Foster's wine portfolio has had a very positive effect during the quarter both on net sales and volume. Operating profit increased by 44 per cent to SEK 38 (26) million and the operating margin improved to 7 per cent (5) despite the above-mentioned change in accounting for the Norwegian operation. The improved net sales and operating profit are primarily due to a better product mix.

#### ACQUISITIONS AND DIVESTMENTS

In May, V&S Group formed a joint venture with China's JianNanChun (JNC), the aim being to develop a portfolio of premium-quality and premium-price baijiu brands for the Chinese market. JNC is one of China's three leading producers of the traditional Chinese spirit baijiu. V&S Group owns 51 per cent of the new company, and JNC 49 per cent. The operation will be part of the V&S Absolut Spirits business area.

Florida Distillers was divested on 1 April 2007. In 2006 the operation's sales amounted to SEK 600 million, operating profit to SEK 48 million and the number of employees to 303.

Production of industrial alcohol was divested on 1 June 2007.

Divestments during the first nine months resulted in net capital gains of SEK 21 (143) million.

#### INVESTMENT

During the first nine months of the year, total Group investments amounted to SEK 316 (1,946) million, primarily relating to capacity investments in Åhus and the investment in the remaining 50 per cent of V&S Norway (formerly Amundsen AS). After the period's depreciation and amortization, and after translation differences, fixed assets totalled SEK 12,717 (12,791) million.

#### CASH FLOW

Cash flow from operating activities during the first nine months of 2007 amounted to SEK 1,428 (1,330) million.

Net interest-bearing loans for the Group totalled SEK 4,302 (5,826) million on 30 September. Net loans have decreased by SEK 965 million since 31 December 2006, primarily due to bond loan repayments.

Cash and cash equivalents totalled SEK 510 (1,560) million on 30 September. Together with confirmed loan promises, the Group has a liquidity reserve of SEK 4,391 (4,134) million.

#### PARENT COMPANY

Net sales for the first nine months of the year amounted to SEK 4,295 (4,043) million. Profit after financial income and expenses amounted to SEK 1,376 (1,243) million. The average number of employees during the period was 802 (755). Cash and cash equivalents and short-term investments totalled SEK 331 (176) million on 30 September.

The operational business takes place within three business areas which cross the legal units. The sections within each business area that have had operations in Sweden during the period are recognized for in the Parent Company. Group-wide functions are also included.

In June the Swedish parliament authorized the government to sell its holding in V&S Vin & Sprit AB. The government has since taken certain preparatory steps, although no decision has been made regarding the form or date of a potential sale.

#### Transactions with associated parties

The Parent Company's most important close association comprises a controlling influence in its subsidiaries. The Parent Company's sales included SEK 2,016 (2,025) million in sales to subsidiaries. Purchases from subsidiaries amounted to SEK 212 (211) million. Transactions with associated parties are priced in accordance with market conditions.

#### SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Risks in the Group's operation are divided into business risks, operational risks, financial risks, accounting risks, physical risks, legal risks and risks to reputation.

Financial risk management for the entire Group takes place in the Parent Company. There is no separate risk management for the Parent Company.

V&S works continuously to identify and assess risks. Risks are described in more detail in the Corporate Governance Report and Board of Directors' Report in the 2006 Annual Report, which can be found at [vsgroup.com](http://vsgroup.com).

In addition to what has been said in the Annual Report, uncertainty has now increased regarding future grain prices. To an increasing extent, these prices depend on the use of agricultural products for energy purposes. The agricultural product's cost as a proportion of the total product costs is relatively small for V&S, but if grain prices rise dramatically this could affect profits for the V&S Absolut Spirits and V&S Distillers business areas, as well as for the Group.

#### **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD**

In October an agreement was signed with Canadian company Lallemand Inc. regarding the sale of the Group's production of yeast in Grenaa, Denmark. In 2006 the yeast operation had net sales of approximately SEK 230 million and 81 employees. The operation was part of the V&S Distillers business area.

#### **GENERAL ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Financial Accounting Standards Council's Recommendation RR 31 Interim reporting for groups. The general accounting principles and calculation methods correspond to those used in preparing the latest Annual Report.

The Parent Company has prepared its interim report in accordance with the Swedish Annual Accounts Act and Recommendation 32:06 of the Swedish Financial Accounting Standards Council, Financial reporting for legal entities. This means the Parent Company applies the same accounting principles as the Group except for the exclusions and additions specified in Recommendation 32:06.

#### **Recognition and tax effects of the holding in Beam Global**

V&S's holding of shares in the American company Beam Global Spirits & Wine Inc. amounts to USD 498 million. The holding is fiscally classified as a business-related holding and any change in value is therefore not subject to taxation. Currency risks associated with the holding have been protected, as the Group raised loans and entered into forward contracts for a corresponding amount at the time of acquisition. In 2004 V&S applied for advance notice from the Swedish National Tax Board to ascertain whether value changes in the protecting loans/forwards are also exempt from taxation. In spring 2007 the Supreme Administrative Court came to the decision that this was not the case. V&S has therefore during 2007 increased the amount in forwards so that the total value in loans and forwards for currency

protection on the shareholding now amounts to USD 691 million. The Group therefore has effective protection against exchange rate fluctuations for this holding.

The consolidated income statement recognizes exchange rate gains and losses in asset and liability items as financial income and expenses. As the total amount of the loans and forwards used to protect the holding in Beam Global Spirits & Wine Inc. are higher than the value of the shares, an exchange rate gain arises which is recognized as financial income. The Group's tax expense changes by exactly the same amount, which means that post-tax profit is completely unaffected.

#### **ANNUAL GENERAL MEETING 2008**

The Annual General Meeting of V&S Vin & Sprit AB (publ) will be held on 3 April 2008 in Stockholm, Sweden. In accordance with guidelines for companies wholly owned by the state, the AGM will be open to the general public.

#### **FINANCIAL REPORTING**

The 2007 Year-End Report will be published on 31 January 2008.

#### **OTHER**

V&S Vin & Sprit AB (publ) is a corporation wholly owned by the Kingdom of Sweden. The Group, V&S Group, consists of the Parent Company and operating activities in Sweden, Denmark, Finland, Norway, Estonia, Germany, Poland, the USA, the US Virgin Islands, UK and Hong Kong.

## CONSOLIDATED INCOME STATEMENT

SEK mn	Q3 2007	Q2 2007	Q3 2006*	Jan–Sep 2007	Jan–Sep 2006*	Full year 2006
Net sales	2,666	2,460	2,529	7,349	7,371	10,345
Shares in associated companies' and joint ventures' results	36	24	48	96	106	238
Other operating revenues	59	63	71	164	265	313
	<b>2,761</b>	<b>2,547</b>	<b>2,648</b>	<b>7,609</b>	<b>7,742</b>	<b>10,896</b>
Operating expenses	–2,037	–2,077	–2,051	–5,913	–5,963	–8,357
Depreciation/amortization and write-down of tangible and intangible assets	–47	–50	–48	–141	–145	–264
<b>Operating profit</b>	<b>677</b>	<b>420</b>	<b>549</b>	<b>1,555</b>	<b>1,634</b>	<b>2,275</b>
Financial income and expenses	15	–39	–84	–70	–209	–281
<b>Profit before taxes</b>	<b>692</b>	<b>381</b>	<b>465</b>	<b>1,485</b>	<b>1,425</b>	<b>1,994</b>
Taxes	–269	–104	–136	–482	–470	–417
<b>PROFIT FOR THE PERIOD</b>	<b>423</b>	<b>277</b>	<b>329</b>	<b>1,003</b>	<b>955</b>	<b>1,577</b>
Profit for the period attributable to:						
The parent company's shareholders	423	277	328	1,002	953	1,572
Minority owners	–	–	1	1	2	5
<b>Profit per share (500 pcs)</b>	<b>0.85</b>	<b>0.55</b>	<b>0.66</b>	<b>2.00</b>	<b>1.91</b>	<b>3.14</b>

\* See note under Consolidated segment data, page 7.

## CONSOLIDATED BALANCE SHEET

SEK mn	30 Sep 2007	30 Sep 2006*	31 Dec 2006
Intangible fixed assets	4,075	4,079	4,009
Tangible fixed assets	1,924	1,828	1,818
Financial fixed assets	6,718	6,884	6,995
<b>Total fixed assets</b>	<b>12,717</b>	<b>12,791</b>	<b>12,822</b>
Inventories etc.	1,140	1,164	955
Current receivables	2,904	2,485	3,270
Cash and cash equivalents	510	1,560	400
Assets held for sale	–	444	427
<b>Total current assets</b>	<b>4,554</b>	<b>5,653</b>	<b>5,052</b>
<b>TOTAL ASSETS</b>	<b>17,271</b>	<b>18,444</b>	<b>17,874</b>
Shareholders' equity attributable to the parent company's shareholders	7,532	6,630	7,232
Shareholders' equity attributable to minority owners	–	12	15
Long-term interest-bearing liabilities	2,469	3,913	3,645
Pension provisions	98	86	89
Deferred tax	2,255	1,857	2,174
Other long-term liabilities	27	2	20
Current interest-bearing liabilities	2,245	3,387	1,933
Other current liabilities	2,645	2,497	2,701
Liabilities related to assets held for sale	–	60	65
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>17,271</b>	<b>18,444</b>	<b>17,874</b>

\* See note under Consolidated segment data, page 7.

## CONSOLIDATED CASH FLOW ANALYSIS

SEK mn	Q3 2007	Q2 2007	Q3 2006*	Jan–Sep 2007	Jan–Sep 2006*	Full year 2006
Cash and cash equivalents at beginning of period	325	491	563	400	626	626
<i>Cash flow from operating activities before changes in working capital</i>	<i>929</i>	<i>98</i>	<i>452</i>	<i>1,527</i>	<i>1,306</i>	<i>1,595</i>
<i>Cash flow from changes in working capital</i>	<i>–200</i>	<i>–108</i>	<i>–34</i>	<i>–99</i>	<i>24</i>	<i>–5</i>
Cash flow from operating activities	729	–10	418	1,428	1,330	1,590
Cash flow from investing activities	26	193	–1,177	107	–1,687	–1,664
Cash flow from financing activities	–571	–353	1,741	–1,433	1,298	–146
<b>CASH FLOW FOR THE PERIOD</b>	<b>184</b>	<b>–170</b>	<b>982</b>	<b>102</b>	<b>941</b>	<b>–220</b>
Exchange rate difference in cash and cash equivalents	1	4	15	8	–7	–6
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>510</b>	<b>325</b>	<b>1,560</b>	<b>510</b>	<b>1,560</b>	<b>400</b>

\* See note under Consolidated segment data, page 7.



## CONSOLIDATED CHANGE IN EQUITY

SEK mn	Q3 2007	Q3 2006	Full year 2006
At beginning of period	7,247	6,886	6,886
Change in translation reserve	30	–51	–121
Change in hedging reserve	–22	–8	45
Change in minority interest	–16	–540	–540
Dividend	–710	–600	–600
Profit for the period	1,003	955	1,577
<b>At end of period</b>	<b>7,532</b>	<b>6,642</b>	<b>7,247</b>
<b>Equity attributable to:</b>			
The parent company's shareholders	7,532	6,630	7,232
Minority owners	–	12	15

## CONSOLIDATED QUARTERLY DATA

	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006*
Net sales, SEK mn	2,666	2,460	2,223	2,974	2,529
Operating profit, SEK mn	677	420	458	641	549
Operating margin <sup>1</sup> , %	25.4	17.1	20.6	21.6	21.7
Sales volume, thousand 9-litre cases	6,986	6,594	5,522	7,433	6,432

\* See note under Consolidated segment data, below.

<sup>1</sup> Operating profit as a percentage of net sales.

## CONSOLIDATED SEGMENT DATA

Q3	Net sales (SEK mn)		Operating profit (SEK mn)		Volumes (thousand 9-l. cases)	
	2007	2006	2007	2006	2007	2006
V&S Absolut Spirits	1,667	1,496	598	461	3,319	2,903
V&S Distillers	498	455	72	53	1,521	1,362
V&S Wine	557	506	38	26	2,292	2,289
Capital gains	–	–	9	7	–	–
Other and eliminations*	–56	72	–40	2	–146	–122
	<b>2,666</b>	<b>2,529</b>	<b>677</b>	<b>549</b>	<b>6,986</b>	<b>6,432</b>

Jan–Sep	Net sales (SEK mn)		Operating profit (SEK mn)		Volumes (thousand 9-l. cases)	
	2007	2006	2007	2006	2007	2006
V&S Absolut Spirits	4,398	4,283	1,442	1,321	8,717	8,072
V&S Distillers	1,416	1,323	165	154	4,195	3,850
V&S Wine	1,539	1,474	48	51	6,578	6,698
Capital gains	–	–	21	143	–	–
Other and eliminations*	–4	291	–121	–35	–388	–321
	<b>7,349</b>	<b>7,371</b>	<b>1,555</b>	<b>1,634</b>	<b>19,102</b>	<b>18,299</b>

\* In the fourth quarter of 2006 the Group began applying the equity method rather than the proportional method in accounting for the Group's joint venture, Future Brands. The new method has been applied retroactively from the date of the business combination and the comparison figures for the first three quarters of 2006 have been adjusted accordingly.

## EXCHANGE RATES

Jan–Sep	Closing day rate 2007		Average rate 2007		Closing day rate 2006		Average rate 2006	
USD/SEK		6.49		6.88		7.32		7.47
EUR/SEK		9.21		9.24		9.28		9.29
DKK/SEK		1.24		1.24		1.24		1.25
PLN/SEK		2.44		2.41		2.34		2.38

## PARENT COMPANY INCOME STATEMENT

SEK mn	Q3 2007	Q3 2006	Jan–Sep 2007	Jan–Sep 2006	Full year 2006
Net sales	1,536	1,467	4,295	4,043	5,654
Other operating revenues	40	13	75	181	207
	<b>1,576</b>	<b>1,480</b>	<b>4,370</b>	<b>4,224</b>	<b>5,861</b>
Operating expenses	–1,111	–1,025	–3,275	–2,968	–4,182
Depreciation/amortization and write-down of tangible and intangible assets	–48	–34	–141	–98	–203
<b>Operating profit</b>	<b>417</b>	<b>421</b>	<b>954</b>	<b>1,158</b>	<b>1,476</b>
Financial income and expenses	474	–49	422	85	223
<b>Profit after financial income and expenses</b>	<b>891</b>	<b>372</b>	<b>1,376</b>	<b>1,243</b>	<b>1,699</b>
Appropriations	–	–	–	–	–543
<b>Profit before taxes</b>	<b>891</b>	<b>372</b>	<b>1,376</b>	<b>1,243</b>	<b>1,156</b>
Taxes	–237	–93	–342	–318	–334
<b>PROFIT FOR THE PERIOD</b>	<b>654</b>	<b>279</b>	<b>1,034</b>	<b>925</b>	<b>822</b>

## PARENT COMPANY BALANCE SHEET

SEK mn	30 Sep 2007	30 Sep 2006	31 Dec 2006
Intangible fixed assets	1,538	1,638	1,611
Tangible fixed assets	1,066	973	974
Financial fixed assets	12,195	13,077	12,139
<b>Total fixed assets</b>	<b>14,799</b>	<b>15,688</b>	<b>14,724</b>
Inventories etc.	385	425	346
Current receivables	1,944	2,076	2,344
Financial investments	37	50	76
Cash and cash equivalents	331	176	115
<b>Total current assets</b>	<b>2,697</b>	<b>2,727</b>	<b>2,881</b>
<b>TOTAL ASSETS</b>	<b>17,496</b>	<b>18,415</b>	<b>17,605</b>
Equity	4,524	4,383	4,200
Untaxed reserves	3,129	2,586	3,129
Provisions	261	150	148
Long-term liabilities	3,875	4,625	5,610
Current liabilities	5,707	6,671	4,518
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>17,496</b>	<b>18,415</b>	<b>17,605</b>
<b>Pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	<b>406</b>	<b>400</b>	<b>608</b>

## NOTE TO THE FINANCIAL REPORTS

## NOTE 1 INTEREST-BEARING LIABILITIES

For information on the Group's contractual terms with regard to interest-bearing liabilities and the Group's exposure to interest rate risk and currency risk, please refer to Note 24 and Note 30 of the 2006 Annual Report.

SEK mn	GROUP		PARENT COMPANY	
	30 Sep 2007	31 Dec 2006	30 Sep 2007	31 Dec 2006
<b>Long-term liabilities</b>				
Bond loans	2,347	3,519	3,875	5,610
Financial lease liabilities	122	126	–	–
	<b>2,469</b>	<b>3,645</b>	<b>3,875</b>	<b>5,610</b>
<b>Current liabilities</b>				
Commercial paper programmes	1,137	1,309	1,137	1,309
Short-term part of bond loans	1,039	600	1,722	811
Accrued interest	65	19	65	19
Short-term part of financial lease liabilities	4	5	–	–
	<b>2,245</b>	<b>1,933</b>	<b>2,924</b>	<b>2,139</b>

Stockholm, 31 October 2007

Bengt Baron  
Chief Executive Officer



**REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of V&S Vin & Sprit AB (publ)  
Corporate Identity number 556015–0178

**INTRODUCTION**

We have conducted a review of the enclosed balance sheet of V&S Vin & Sprit AB (publ) as per 30 September 2007 and the related statements of income, change in equity and cash flow for the nine-month reporting period ending on that date as well as of the summarized major accounting principles and other supplementary information. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

**FOCUS AND SCOPE OF REVIEW**

We conducted our review in accordance with the Standard on Review Engagement SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditors of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards

on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the enclosed interim report does not, in all material respects, fairly represent the financial position of the company as of 30 September 2007 as well as the financial results and cash flow for the nine-month period ending on that date, in accordance with IAS 34.

Stockholm, 31 October 2007  
KPMG Bohlins AB

Stefan Holmström  
Authorized Public Accountant