

ANNUAL REPORT 2009



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ANNUAL REPORT AND CONSOLIDATED ACCOUNTING

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Our principal tasks during 2009

Ensuring the continuing, reliable supply of drugs



Creating conditions for a new pharmacy market

Our attainments ...

- Despite the strong pressure for change, we undertook genuine social responsibility and our employees enabled high-quality drug supply and effective drug utilisation in our various markets.
- We generated very impressive earnings in 2009.
- We again secured high rankings in customer and market surveys. Apoteket, for example, is one of Sweden's foremost consumer brands, as gauged by Synovate's Corporate Image Survey.

We ...

- Prepared the sale of 615 well-managed, attractive pharmacies. This created potential for new players and marked the start of a market exposed to competition.
- Planned and facilitated reregulation by providing a number of services – such as checkout systems, billing administration and HR administration – as part of a transitional solution.
- Transferred socially important systems and registers to the sister company, Apotekens Service AB, which will provide a shared infrastructure for the market. This includes the National Pharmacy Register and the prescription repository.
- Transferred certain social mandates to the Medicines Products Agency, such as the Poisons Information Centre, the Läkemedelsboken (a book of treatment alternatives and advice for prescribers) and the national drug information centre.



9



*Adjusting operations
to match their new scope
and competition*

Effective 2010, Apoteket AB will retain about a third of the current number of pharmacies. Market share will decrease, while profitability will ultimately improve. On the one hand, this requires cutbacks, especially in Group-wide costs, for which IT accounts for a large share of the overall savings requirements. On the other hand, we have focused on the future through our investments in our own branded goods and the development of future IT support.

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2009 in brief

- Net sales totalled SEK 43,073 m (41,710).
- Operating earnings, including restructuring costs corresponding to SEK 733 m (242), totalled SEK 804 m (950).
- Net earnings amounted to SEK 532 m (711). Earnings per share were SEK 3,040 (4,063).
- Effective 1 November, the retail trade was permitted to sell nonprescription drugs approved for the Swedish market.
- In November, Apoteket completed a share transfer agreement with four parties in respect of the eight pharmacy clusters that had been for sale.

KEY FIGURES	2009	2008	2007	2006	2005
Net sales, SEK m	43,073	41,710	39,493	37,269	35,444
Operating earnings, SEK m	804	950	588	600	292
Net earnings, SEK m	532	711	433	447	201
Earnings per share, SEK	3,040	4,063	2,474	2,554	1,149
Cash flow, SEK m	-244	551	-33	-426	444
Gross profit margin, %	20.7	20.3	20.1	20.0	19.7
Interest-bearing net debt, SEK m	984	1,290	1,940	2,107	1,797
Equity/assets, %	34.5	32.8	31.1	29.2	26.8
Return on equity, %	13.5	19.9	13.7	15.8	7.8
Average number of employees	10,319	10,666	10,689	10,632	10,914

The annual report is in all respects a translation of the Swedish annual report prepared in accordance with Swedish laws and regulations. In the event of any differences between this translation and the Swedish original, the Swedish annual report shall have precedence.

The most successful year to date!

I am very proud and delighted to state that 2009 was the most successful year in the history of Apoteket, despite the extensive transitional process in which we find ourselves. Our employees' input was fantastic and we received proof that our efforts were definitely successful.

Apoteket had a complex mandate during the past year; namely, to ensure favourable nationwide supply of drugs, while promoting the reregulation of the pharmacy market and simultaneously preparing Apoteket for competition.

Customer service improved steadily, resulting in numerous positive assessments. The customer survey by Synovate's Corporate Image Survey in December 2009 once again gave Apoteket a top ranking.

I am very satisfied with the financial results for 2009. Excluding non-recurring costs, we attained operating earnings exceeding SEK 1.5 billion, which is a record in the history of Apoteket. Reported operating earnings totalled SEK 804 m (950). We more than surpassed the owner's requirement both in terms of return and the equity/assets ratio. Several factors underlie the improvement in earnings. We saw a highly favourable trend in sales of non-prescription drugs and other health products. We had excellent cost control and reduced our IT costs.

Apoteket also created the conditions for new players to establish a speedy market presence and contributed to building up Apotekens Service AB.

A PROTRACTED PROCESS TOWARDS COMPETITION AND DIVERSITY

Apoteket's monopoly has long been questioned and a possible reregulation has been discussed and studied over the past decade. When the Riksdag (the Swedish Parliament) voted to reregulate the pharmacy market and open it up to competition, we were among the first to welcome the change.

There is a good deal to win, both for customers – in the shape of increased accessibility, a broader product range and superior service – and for employees, who now gain access to a market with several more employers, as well as the potential to run their own pharmacy operations.

Once the reregulation actually commenced the process moved quickly. Effective 1 September 2008, Apoteket's operations in the nursing and healthcare market were opened to competition. On 29 April 2009, the Riksdag decided – as of 1 July – to open up the drugs retail trade to competition and – effective 1 November – it also became permissible to sell non-prescription drugs in convenience goods stores and supermarkets. A statement released on 9 November disclosed the identity of the players who had acquired the 465 pharmacies earmarked for sale.

A KEY ROLE IN THE PROCESS

Apoteket played a key role in the process of contributing to a successful reregulation

of the pharmacy market. During the year, intensive efforts were made to develop and adjust parts of our IT systems and make them accessible to all players in the new market.

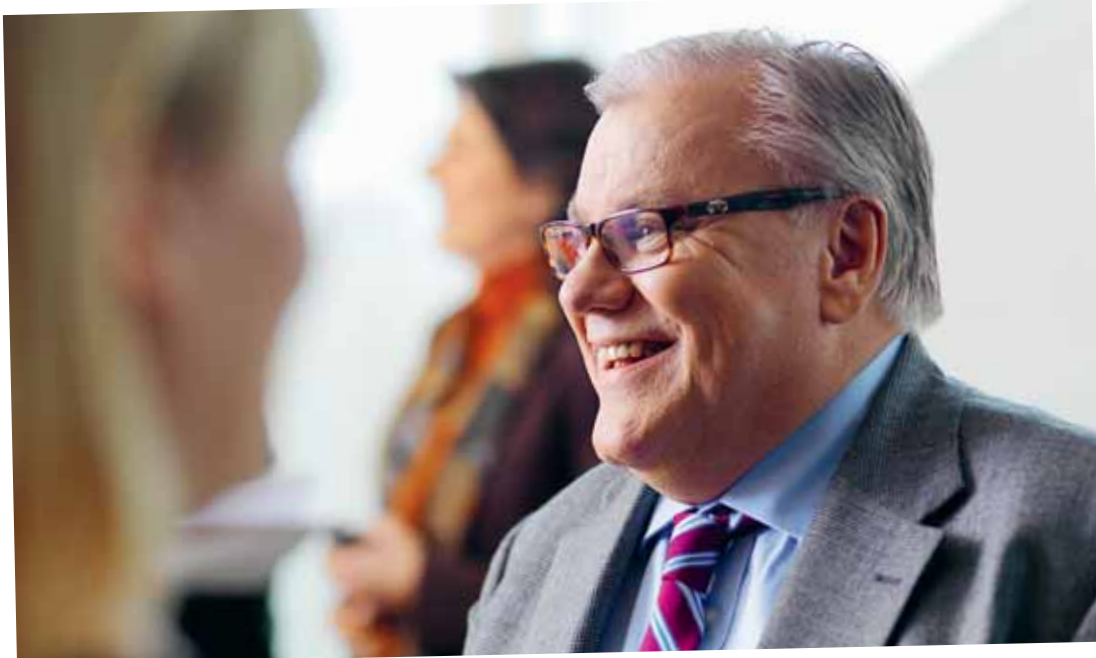
Among other aspects, this includes socially critical infrastructure such as the online prescription repository, the National Pharmacy Register, and the high-cost protection database, which were transferred to a new Government owned company, Apotekens Service AB.

Apoteket participated in the sales process and ensured that the transfer took place as smoothly as possible. We also adapted our systems and processes to facilitate secure transfer solutions for the new owners.

MARKET LEADER

Of Apoteket's total of 930 pharmacies, 465 were sold to new players who will take over during the first quarter of 2010. An additional 150 pharmacies will be offered to private entrepreneurs through the newly established Apoteksgruppen i Sverige AB. The purpose of the reregulation is to create smoothly functioning competition that will benefit the consumer through superior accessibility.

Apoteket will be the market leader in the new market, with a market share of about 35 percent. We will develop our service, our customer interface and product range in respect of health and medicinal products but now in the face of tough



competition. Right from the start, we will be facing a handful of new competitors, and we are also aware that more players plan to establish operations in Sweden and open new pharmacies. Developments in the Swedish market are being monitored with considerable interest abroad. Many players wish to participate in an effort to gain valuable experience that can subsequently be used when other countries follow suit.

ONE OF SWEDEN'S STRONGEST BRANDS

Apoteket has been one of Sweden's most well-known and respected brands for many years. This resulted from a conscious focus on brand building and communications. Our customers experience us as trustworthy and knowledgeable. All Apoteket employees have contributed to these successes.

The customer experience, of course, permeates our brand building. The customer encounter shapes the brand. Apoteket's high ranking shows that our employees are highly customer oriented. Having a broad and attractive product

"The customer encounter shapes the brand."

range also plays an important role in how customers experience our brand, and contributes to the actual store experience.

We plan to continue to be one of Sweden's strongest brands in the reregulated market.

The pharmacy industry is currently undergoing major changes. Customers will have more pharmacies to choose from and will be able to buy drugs at a substantially greater number of pharmacies. While, to a certain extent, pharmaceuticals will be viewed increasingly as retail products, the requirements imposed on the handling of drugs will remain stringent. A high level of expertise is required for satisfactory supply of drugs and drug utilisation. This will continue to be the case in the reregulated market, and each pharmacy will have at least one qualified pharmaceutical specialist.

BROAD OFFERING

Apoteket has decided to continue using the same brand in all markets. Meanwhile, we are continuing to streamline and highlight our operations in an effort to raise customer value, improve profitability and provide clarity for our employees.

We plan to increase Apoteket's presence in the consumer market by means of a high rate of establishment and plan to open new pharmacies during 2010. The rebuilding and modernisation of our existing pharmacies will also continue. The product range will be broadened, and the share of our own branded goods will increase.

Apoteket's health focus will be sharpened, and we are developing a series of offerings to make it easier and more enjoyable for our customers to feel healthy. One example is Apoteket's Health Check (Hälsokoll), which will be launched in some 100 pharmacies during 2010. Apoteket's Hälsokoll will encourage our customers to personally monitor their health, and focus on what is easy to influence in their efforts to feel well today and in the future. The service consists of qualified counselling by a specially



trained pharmaceutical specialist, the opportunity to take tests and extensive web support on how to build a healthy lifestyle.

Pilot franchise operations have given us valuable experience, leading the Board to decide that, initially, some 50 pharmacies will be run on a franchise basis with a planned launch in 2010. They will operate under the same brand, with access to the same product range and subject to the same safety and quality procedures as other pharmacies. This is a significant venture for Apoteket and is a feature of our ambitions to capitalise on the diversity and entrepreneurship that characterise the company.

Apoteket Farmaci focuses on the professional market – county councils, municipalities and private nursing and healthcare companies. In cooperation with customers, Apoteket Farmaci is developing new, more efficient services aimed at raising nursing and healthcare quality. The supply of drugs for inpatient care was exposed to competition in September 2008 and county councils, as in the

past, may decide to run these activities under their own auspices. Apoteket Farmaci currently has all county councils as customers. As these contracts gradually expire, stiffer competition is also expected in this market. We also welcome this development and are convinced that healthy competition will contribute to a superior customer offering and accelerate service development.

Since efficient logistics and goods distribution are key factors for success in the new market, Apoteket Distribution completed considerable rationalisation and cost-saving measures during 2009 in its logistics, goods supply, IT and distance-trading operations.

Apoteket's distance trading – involving deliveries to hospitals and outpatient care – now accounts for sales exceeding SEK 2 billion.

E-commerce on our apoteket.se website continues to grow and is becoming an ever-significant trading site for prescription and nonprescription drugs, as well as other health products.

SUCCESSFUL SUSTAINABILITY PROGRAMMES

Sustainable development issues will remain significant in the new competition situation. We can improve our performance in clarifying for our customers how we approach sustainability. Systematic and successful environmental programmes will also prove to be major assets in the tendering competitions in which Apoteket Farmaci is active.

Apoteket has worked on these issues for a long time, and the entire Group has been environmentally certified according to ISO 14001 since 2008. In particular, we are working in various ways to reduce society's drug expenditure and to manage residual medicines in a responsible manner.

INTERNATIONAL EXPANSION

For Apoteket, the reregulation process is now essentially complete and we can now focus exclusively on our role as one of many players in a reregulated market.

We will actively seek new business opportunities outside Sweden. The



coherent Swedish pharmacy system has created solutions that we expect to be competitive in an international market. Among other products, this applies to the manufacture of multidose dispensed medicine. At the same time, however, the Swedish market will continue to be our base and home market.

APOTEKET TAKES THE LEAD IN A NEW MARKET

Apoteket has had a distinct social mandate in providing safe and secure supply of drugs nationwide. We will continue to offer customers a safe and secure supply of drugs and promote favourable drug utilisation. In its role as the leading player, Apoteket is also responsible for spearheading progress in the industry.

We are working to ensure that customers value Apoteket highly, and we plan to develop our offering in the consumer market and in the nursing and healthcare market. We plan to raise our presence by means of a high establishment rate.

Apoteket started 2010 with a considerably smaller pharmacy chain. The savings programme that commenced in 2009 will also continue in 2010, with considerable efficiency-enhancement in central administration and, notably, in the IT area.

Our goal is that Apoteket will be the leading player in the new market and attain profitability on a par with the very best in the industry. We are now moving on from our most successful year ever. At the time of writing, perhaps the most important year in the history of Apoteket has started, a year in which we must compete with new pharmacy players.

OUR EMPLOYEES MADE REREGULATION POSSIBLE

Apoteket's Board has arrived at the conclusion that Apoteket will need to renew its executive management when the reregulation process has been completed. In such a situation, it seems only natural to pass on leadership during the current year. For me personally, leading the company during the past decade has

been a fantastic experience. I am very proud of Apoteket's progress over these years. We have improved our service through greater accessibility and an improved product line. Apoteket has also contributed to better drug utilisation, while also strengthening its earnings. Over the past two years, our efforts have been hallmarked by the reregulation process to which we have actively contributed, as confirmed by the results.

None of this would have been possible without the professional and loyal employees at Apoteket.

I look forward to monitoring Apoteket's development as the most successful player in the new market. Apoteket is ready for competition.

Stockholm, February 2010

Stefan Carlsson
President and CEO

Administration Report

The Board of Directors and the President of Apoteket AB (publ.), Corp. Reg. No. 556138-6532, hereby submit the annual accounts and consolidated financial statements for the financial year 1 January–31 December 2009.

HIGHLIGHTS OF 2009

- On 30 June, Apoteket AB signed a new business agreement with the Swedish Government. Apoteket remains in Government ownership as a key player in the pharmacy market and has been given the potential to act on the basis of the same conditions as the new players in the pharmacy market. In addition, the pharmacies remaining in the company after the sales process will be retained until at least 1 July, 2012. Moreover, Apoteket is to continue to be responsible for national vaccination distribution up until 1 July 2010.
- At an Extraordinary General Meeting of shareholders held on 30 June, all shares in the subsidiary Apotekens Service AB were distributed to Apoteket's Parent Company, Apoteket Omstrukturering AB.
- At an Extraordinary General Meeting of shareholders on 7 October, a new Board of Directors was appointed for Apoteket AB.
- On 9 November, it was announced that Apoteket AB had concluded a share transfer agreement with four parties concerning the sale of the eight pharmacy clusters, totalling 465 pharmacies, which had been for sale. The total sales price was SEK 5.9 billion.
- In connection with the Extraordinary General Meeting on 15 December, the shares in the subsidiary ProDur AB were distributed to Apoteket's Parent Company, Apoteket Omstrukturering AB.

OWNER

Since July 2008, Apoteket has been owned by Apoteket Omstrukturering AB, Corp. Reg. No: 556481-5966, which in turn is 100% owned by the Swedish Government. Following reregulation, Apoteket AB will be owned directly by the Government.

The number of shares in Apoteket AB totals 175,000.

REREGULATION OF THE SWEDISH PHARMACY MARKET

The Swedish pharmacy market is being reregulated in order to enhance availability, increase efficiency and exert pressure on prices, while retaining safe and appropriate drug utilisation.

For Apoteket, this means that the company will move from conducting an operation based on exclusive rights and a distinct social mandate to being one of many players in a competition-exposed market.

Supply of drugs to the nursing and healthcare market

On 1 September 2008, Apoteket's operations in the nursing and healthcare market were exposed to competition. Prior to this, the county councils were free to handle the supply of drugs under their own auspices. It is now possible to purchase these services from players other than Apoteket.

Nonprescription drugs in convenience goods stores and supermarkets

In a bid to increase the availability of non-prescription drugs, the Riksdag decided on 11 June 2009 to permit the sale of most nonprescription drugs through general retailers as of 1 November 2009. An initial step in this direction was taken a year earlier when players other than Apoteket had been permitted to sell

nicotine replacement drugs. Sales are subject to certain restrictions, such as that the customers must contact store employees to access the drugs or the possibility for special monitoring of the products and introduction of an age limit.

Reregulation of the consumer market

On 29 April 2009, the Riksdag approved the reregulation of the Swedish pharmacy market and on 1 July 2009 the Swedish retail market for the supply of drugs was formally opened up for non-government players. Pharmacies may now be freely owned, with the exception of pharmaceutical manufacturers and prescribers. However, a licence from the Medical Products Agency is required to operate a pharmacy. All pharmacies must supply all prescription drugs and pharmaceutical expertise must be available in the pharmacy.

Sale of Apoteket's pharmacies

On 5 May 2009, an announcement of the pharmacies that were to be sold to private sector players, involving 615 of Apoteket's 930 pharmacies, was made. Apoteket's Parent Company, Apoteket Omstrukturering AB, is responsible for the sales process. No pharmacy will be closed as a result of the sale and employees in the pharmacies sold will move to the new owners.

On 9 November 2009, an announcement was made revealing the buyers of the eight pharmacy clusters – consisting of a total of 465 pharmacies – earmarked for sale. The following parties concluded contracts to acquire the pharmacies:

- ApoPharm AB (Apotek Hjärtat), which is owned by Altor, acquired 208 pharmacies with sales of SEK 7.3 billion and 1,500 employees.
- Kronans Droghandel Retail AB, which is owned by Oriola-KD and KF, acquired 171 pharmacies with sales of SEK 4.6 billion and 930 employees.

- Medstop Holding AB, which is owned by Segulah, acquired 62 pharmacies, with sales of SEK 3.1 billion and 660 employees.
- Vårdapoteket i Norden AB, which is owned by Investor and Priveq Investment, acquired 24 pharmacies with sales of SEK 1.4 billion and 230 employees.

Because the acquisitions require the approval of the Medical Products Agency and the competition authorities, along with adjustments to the IT support system, the buyers will gain access during the first quarter of 2010.

An additional 150 pharmacies have been concentrated in a new subsidiary of Apoteket AB, Apoteksgruppen i Sverige AB. This company is building up a chain of pharmacies for small companies, including support for procurement and IT systems. During the first quarter of 2010, Apoteksgruppen i Sverige AB will be spun off to Apoteket Omstrukturerings AB. Subsequently, the pharmacies will be sold to private entrepreneurs.

Shared infrastructure

Up to 30 June 2009, Apotekens Service AB was owned by Apoteket AB, but it is now a subsidiary of Apoteket Omstrukturerings AB. During the year, the company assumed responsibility for socially significant infrastructure and information data-

bases, which are to be made available to all players in the reregulated pharmacy market. This includes the IT system for the e-prescriptions repository, the National Pharmacy Register and the high-cost protection database.

BUSINESS ENVIRONMENT AND TRENDS

Major changes are also under way in international pharmacy markets, not least in the EU, where old pharmacy systems that limit ownership, establishment and distribution are facing considerable pressure.

Discussions in the EU

Several of the issues in progress in the EU affect the pharmacy market in various ways. A verdict of the EU Court in May 2009 stipulated that the ownership issue could continue to be regulated at the national level, although the matter of permitting national rules for various forms of establishment criteria continues to be studied. One case involving Spain is expected to be decided during spring 2010.

The EU services directive, which becomes effective in 2010, exempts services in the healthcare sector. However, the EU has resumed discussions on a directive that will permit health and medical services across national boundaries. A number of pharmacy-related services are affected, which could have major importance for

future developments, including Internet trade and EU prescriptions.

Other proposed directives are included in the "Pharmaceutical Package", which deals with the monitoring of medical products, counterfeit products and information for patients. During 2009, Apoteket participated in a pilot study involving unique labelling of pharmaceutical packaging to impede counterfeit products.

Vertical integration

Both the competition and the level of integration will increase in pace with market deregulation, as noted in Norway and the UK, where major pharmacy chains now dominate the market.

The wholesale segment is consolidating rapidly, with leading players such as Alliance Boots, Celesio and Phoenix integrating vertically in their efforts to control the entire chain from manufacture to wholesale.

Competition at all stages

The near future is expected to see considerable changes in the competitive situation in all markets in which Apoteket is active.

As of the first quarter of 2010, Apoteket will encounter many new competitors in all stages of the supply chain. Competitive pressure is expected to increase, notably in the large cities and metropolitan regions, and a number of the major European pharmacy chains are expected to establish a presence in the Swedish market during 2010.

The greater availability of nonprescription drugs in supermarkets and convenience stores is expected to increase sales.

Major interest in the environment and health

Interest in environmental and health matters remains strong. Despite the recession, the health area has continued to report a solid sales trend.

BUYERS OF PHARMACIES	Number of pharmacies	Sales in 2009, SEK billion	Number of employees
ApoPharm AB (Apotek Hjärtat)	208	7.3	1,500
Kronans Droghandel Retail AB	171	4.6	930
Medstop Holding AB	62	3.1	660
Vårdapoteket i Norden AB	24	1.4	230
Apoteksgruppen i Sverige AB	150	3.9	800
Total	615	20.3	4,120

Operations were run by Apoteket AB through 30 June 2009 and subsequently by each subsidiary.

The willingness to assume personal responsibility for issues that affect the environment and social responsibility affects consumer behaviour and consumption patterns. An ever-growing number of customers are seeking ecological products among Apoteket's range of nonprescription drugs and health products.

Greater interest in health issues has prompted employers, frequently in cooperation with insurance companies and pension funds, to more systematically launch programmes involving preventive care and health promotion.

For Apoteket, health and sustainability are vital components of its vision and brand, and Apoteket has long been working for the responsible utilisation, handling and disposal of drugs.

Internet – an important channel

The local pharmacy, which can offer safe and personal service, still remains very important for consumers. Meanwhile, access to and the use of the Internet is also growing among older age groups. Interactivity via the Internet and social media such as Facebook, blogs and Twitter, engage and influence many people.

Apoteket's new web shop, which was launched in May 2009, broadens the customer offering and raises availability around the clock.

Considerable benefits from effective drug utilisation

Shortcomings in drug utilisation are very costly for county councils and municipalities, while also involving considerable human suffering. Apoteket Farmaci, which is a leader in this market, will face stiffer competition, both from county councils and new players, in pace with the expiration of contracts during 2010–2013.

STRATEGIC FOCUS

The 2009 financial year was marked by intensive restructuring programmes as part of efforts to create the conditions for a reregulated pharmacy market.

Apoteket has had three key assignments:

- to ensure favourable and safe supply of drugs
- to contribute to successful reregulation
- to prepare Apoteket's operations for a completely new market situation

In the reregulated market, Apoteket's objective is to retain and strengthen its market position as a leading health player with unique expertise in pharmaceuticals.

Our vision: A Life of Health

Apoteket views health from a broad perspective, in which knowledge of pharmaceuticals and their use, along with prevention and lifestyle changes, contribute to a healthier life.

The starting point is the individual's own experience of health and well-being. You can be healthy but still not feel well, just as you can live a healthy life even if you have an illness that is being treated with drugs. By continuously developing its operations, Apoteket can actively contribute to helping people to live a healthy life.

The business concept highlights the offering

Based on customer needs, Apoteket offers individuals, companies and health-care providers a wide range of products and services in the areas of pharmaceuticals and health.

Our core values will permeate operations

Our efforts to attain the vision of "A life of health" should be characterised by Apoteket's core values – credible, considerate, innovative and proactive. These values should permeate the day-to-day work of all employees and all contacts with customers and other stakeholders.

Objectives for 2012

Apoteket is now moving from having been a company with exclusive rights and an explicit social mandate to being a competitive company in a reregulated pharmacy market.

The overall objective up to 2012 is that Apoteket shall be the leading and most attractive pharmacy player in Sweden. Among other consequences, this implies that Apoteket:

- is positioned as the modern retail chain in the health area
- is the nursing and healthcare sector's most attractive partner in terms of the supply of drugs and the safe use of drugs by patients.
- offers high efficiency and favourable profitability
- is a market leader in products aimed at the veterinary market
- has a strong position as a franchiser and business partner.

Overarching strategies

Apoteket works on the basis of a number of strategies at the Group level in an effort to develop operations in line with the vision and the long-term objectives for 2012.

The Group-wide strategies primarily cover Apoteket's brand, communications, workforce, partners, product range, IT and cost effectiveness.

GROUP OPERATIONS AND STRUCTURE

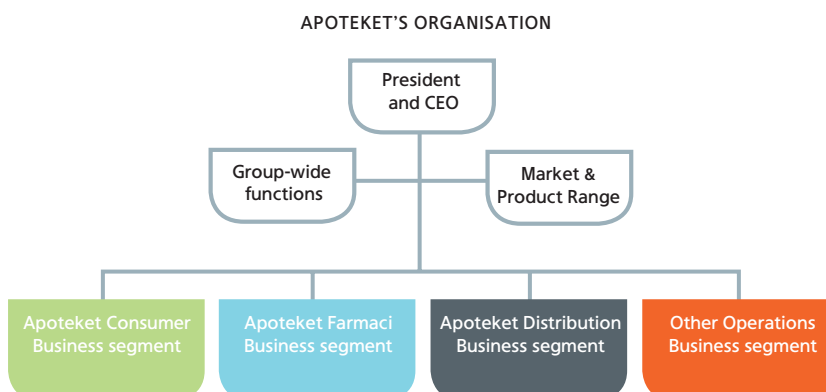
Apoteket was established in 1970 and has had exclusive rights to retail prescriptions and nonprescription drugs in Sweden since 1971. The mandate was to insure the secure and safe supply of drugs nationwide. Apoteket has also provided producer-independent information to individuals and to the nursing and health-care sector.

This mandate, which applied throughout 2009, will cease in conjunction with reregulation of the Swedish pharmacy market. In the revamped pharmacy market – and in line with the business agreement applying from 1 July 2009 – Apoteket will be a key and competitive player.

Business segments

Operations during 2009 were conducted in the form of four business segments:

- Apoteket Consumer (formerly Own Pharmacies), which is responsible for Apoteket's sales of drugs and other health-related products, as well as information and counselling for individuals.
- Apoteket Farmaci, which is responsible for the supply of drugs, the operation of hospital pharmacies and pharmaceutical services for the nursing and healthcare market.
- Apoteket Distribution (formerly Distribution & Production), which is responsible for goods supply, IT operations, multi-dosed packaged drugs, as



well as for distance trading and Apoteket's Customer Centre.

- Other Operations, which include Apoteket International, the company responsible for Apoteket's international activities, and Apoteket Produktion & Laboratorier (APL), which is in charge of the production of drugs not provided by the pharmaceutical industry.

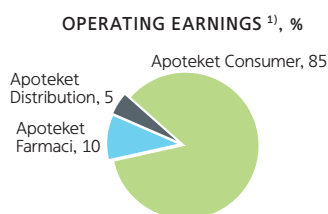
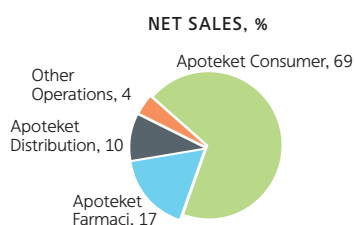
Group-wide functions

The Group-wide functions are designed to manage and support the Group's operations and continuously adapt to the direction and requirements of business operations.

- Management Staff supports the Group Executive Board and takes an overview of cooperation and decision-making processes.
- Economy & Finance is responsible for the Group's financial management and ensures that Apoteket has efficient

processes for internal control, accounting and reporting.

- Brand & Communications is responsible for Apoteket's brand, and ensures strategic communication work throughout the Group.
- Human Resources is responsible for creating the potential for the Group to be an attractive employer that supports employees and the company alike.
- Market & Product Range provides a selection of pharmaceuticals and other health products to the entire Group and is also in responsible for marketing to the consumer market. Coordinated purchasing makes Apoteket a strong negotiating partner. *Read more about Market & Product Range on page 20.*



¹⁾ Excluding business segment Other Operations.

NET SALES

In 2009, Apoteket's net sales rose 3.3% (5.6) or SEK 1,363 m, compared with the preceding year. Net sales totalled SEK 43,073 m (41,710). The increase was primarily attributable to the sale of nonprescription drugs and other health products in the Apoteket Consumer business segment, as well as higher contract-based sales in Apoteket Farmaci business segment.

OPERATING EARNINGS

Operating earnings for the year totalled SEK 804 m, down SEK 146 m compared with the preceding year. The decline was due to additional costs relating to the development of the necessary infrastructure for the pharmacy market and re-

regulation expenses totalling SEK 633 m (82). In addition, operating earnings were charged with additional personnel costs and rental expenses amounting to SEK 100 m (160) associated with the adjustment of operations to a lower business volume. Adjusted for these costs, operating earnings amounted to SEK 1,537 m (1,192).

Gross profit rose by 5.4% (6.4) to SEK 8,901 m, with the gross profit margin amounting to 20.7% (20.3).

Personnel costs rose 0.7% (1.2) to SEK 4,991 m. Excluding pension and restructuring costs, personnel costs declined 1.8%. Other external costs increased 15.7% (1.2) to SEK 2,604 m. The increase was mainly due to higher consultancy costs associated with the development of socially crucial infra-

structure for the new pharmacy market and a transaction reimbursement to Apotekens Service AB.

Depreciation/amortisation and impairment rose 67.7% to SEK 508 m. Impairment losses on intangible assets associated with the reregulation of the pharmacy market totalled SEK 240 m. Impairment losses also arose from restructuring measures, due to a lower business volume.

EARNINGS AFTER TAX

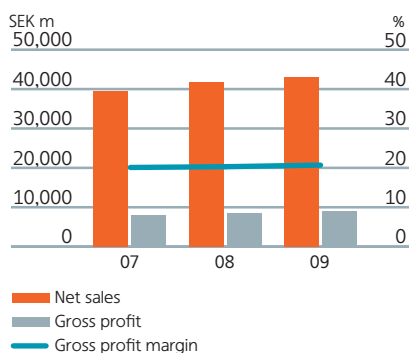
Earnings after tax amounted to SEK 532 m (711). The effective tax rate for the period was 34% and mainly derived from non-tax-deductible impairment losses on investments in subsidiaries, which are treated within the Group as an acquisition of intangible assets.

GROUP BUSINESS SEGMENTS

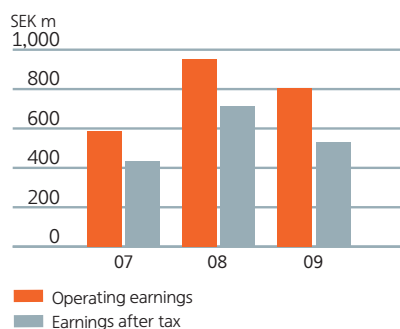
	Apoteket Consumer		Apoteket Farmaci		Apoteket Distribution		Other Operations		Eliminations and adjustments	Group 2009
	2009	2008 ¹⁾	2009	2008 ¹⁾	2009	2008 ¹⁾	2009	2008 ¹⁾		
Net sales	31,578	30,834	8,020	7,505	4,767	4,601	1,683	1,171	-2,975	43,073
<i>Of which transactions among the business segments</i>	157	135	63	70	1,196	1,177	1,537	1,027	-	-
Operating earnings	1,444	1,242	172	140	91	96	-903	-528	-	804
Net financial items	-10	-14	0	0	0	0	13	33	-	3

¹⁾ Restated for the preceding year based on the current structure of Apoteket's business segments.

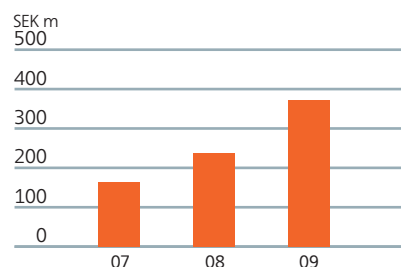
NET SALES, GROSS PROFIT AND GROSS PROFIT MARGIN



OPERATING EARNINGS AND EARNINGS AFTER TAX



DIVIDEND



CASH FLOW AND INVESTMENTS

Cash flow from operating activities amounted to SEK 890 m (1,068).

Cash flow from investing activities was a negative SEK 282 m (neg: 253). Investments in tangible fixed assets totalled SEK 137 m (158), consisting of IT equipment at pharmacies and pharmacy renovation and the opening of new outlets. Investments in intangible assets totalled SEK 159 m (86) and consisted primarily of investments in subsidiaries, which for consolidation purposes are treated as the acquisition of intangible assets.

Cash flow from financial operations was a negative SEK 852 m (neg: 264) and comprised a reduction in borrowing, dividends to the owner, and a Group contribution to the sister company, Apotekens Service AB.

Apoteket's total cash flow for the year was a negative SEK 244 m (pos: 551).

Cash and cash equivalents at 31 December 2009 amounted to SEK 766 m (1,010).

RESTRUCTURING COSTS

During 2009, Apoteket reported costs of SEK 733 m attributable to the following:

- efficiency enhancement of Apoteket's organisation, primarily in the form of overhead expenses of SEK 100 m.

- the development of a nationwide dispensing back-up system in an effort to improve drug utilisation and patient safety, in the amount of SEK 249 m.
- expansion of new IT infrastructure for the new pharmacy market, the establishment of Apotekens Service AB and the development of transitional solutions offered to pharmacy buyers, totaling SEK 278 m.
- provision for loss-making operations in the amount of SEK 58 m.
- costs for the development of the Apoteketsgruppen i Sverige AB in the amount of SEK 48 m.

FINANCIAL POSITION, LIQUIDITY AND RETURN

Shareholders' equity on 31 December 2009 totalled SEK 4,026 m, or SEK 188 m higher than a year earlier. The change corresponds to the earnings for the year, the dividend to the owner and a Group contribution to the sister company Apotekens Service AB.

The equity/assets ratio was 34.5%, which exceeded the owner's objective of 25%.

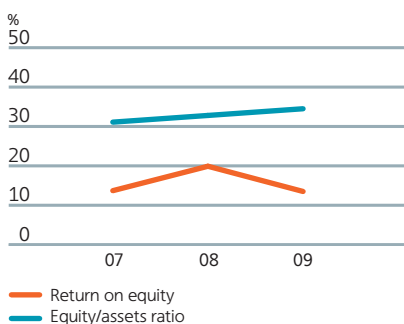
The return on equity was 13.5%. The owner's objective for the return on equity was 6% for 2009.

Net financial items amounted to income of SEK 3 m (19). Interest-bearing net liabilities amounted to SEK 984 m, or SEK 306 m less than the preceding year-end.

SEASONAL VARIATIONS

Seasonal variations have no significant impact on Apoteket's sales or earnings.

EQUITY/ASSETS AND RETURN



APOTEKET CONSUMER BUSINESS SEGMENT

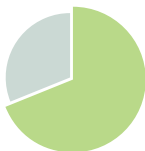
The Apoteket Consumer business segment offers private consumers pharmaceuticals and other health-related products, as well as information and counselling.

In November 2009, contracts were signed covering the sale of 465 of a total 930 pharmacies to new players in the market, who will take over the operations during the first quarter of 2010. An additional 150 pharmacies will be allotted to the Parent Company, Apoteket Omstrukturering AB, before being sold to small businesses in 2010.

Throughout 2009, Apoteket continued to be responsible for the supply of drugs in Sweden. Another key task was to prepare for and facilitate reregulation of the pharmacy market and the divestment of pharmacies.

APOTEKET CONSUMER		
	2009	2008
Sales, SEK m	31,578	30,834
Operating earnings, SEK m	1,444	1,242
Number of pharmacies	930	923

SHARE OF APOTEKET'S SALES, 69%



SHARE OF APOTEKET'S OPERATING EARNINGS, 85%



In order not to disturb the sales process, Apoteket reduced its renovation and establishment programmes during the year, as well as its campaigns and other market activities in line with instructions from Apoteket's owner.

Net sales and operating earnings

Net sales rose 2.4% compared with the preceding year and totalled SEK 31,578 m. Sales of nonprescription drugs and other health products accounted for the increase.

Operating earnings totalled SEK 1,444 m, which was SEK 202 m or 16.3% higher than in the preceding year. The positive change derived from higher gross profit, while costs did not rise proportionately.

The higher gross profit was primarily attributable to increased sales, but also to a higher share of nonprescription drugs and other health products with a higher margin, as well as higher margins deriving from certain price changes for prescription drugs.

Personnel costs were positively impacted by an increase in workforce productivity of about 6%. Other costs increased, largely because Apoteket – effective 1 July 2009 – pays a transaction reimbursement to Apotekens Service AB for access to such services as the online prescription repository, the National Pharmacy Register and high-cost protection database.

Products and services

Of Apoteket's total sales to the consumer market, prescription drugs accounted for 70.8% (72.2), nonprescription drugs for 11.7% (11.1) and other health products for 10.5% (9.6). Other sales accounted for 7.0% (7.1).

Sales of prescription drugs rose 0.4%. Sales of nonprescription drugs rose 7.5%. The largest product groups are drugs to treat pain and fever, colds and smoking. Apoteket's sales of other health products rose 13.4%.

Focus on own branded goods

Proprietary branded goods are a key focus area and, currently, Apoteket has four own lines of branded products: Apoteket, Apoliva and Hudsalva Försvaret, as well as Apoteket's mustard, saffron and other products. These have been tested in accordance with Apoteket's rigorous quality and environmental requirements.

As part of the Apoteket product series, Apoteket's toothpaste was launched during the autumn and quickly advanced to become the sixth best selling toothpaste nationwide. Apoteket's own dietary supplements, with products specially designed for women, men and physically active people, were launched in August.

Apoliva is a skin and hair care series based on documented, effective ingredients. The series contains a minimum of environmentally detrimental substances, to the extent that this is possible without losing desired functionality, making the product series an excellent environmental choice.

Much-appreciated counselling

Apoteket's employees have considerable pharmaceutical expertise and offer advanced information and counselling in all sales channels.

During 2009, about 220,000 counselling appointments were completed, during which specially trained pharmaceutical specialists reviewed the customer's medicines, in terms of how they function, whether they are compatible and if they are being handled in the correct manner. The health coach (hälsocoachen) is another appreciated service, which focuses on, for example, diet and exercise habits, stress or smoking.

Apoteket continues to develop new services and during 2010 Apoteket's Health Check (Hälsokoll) service, which indicates the potential risk for cardiovascular diseases and provides support and inspiration for people to changes



their lifestyles in an effort to reduce the risk of actually falling ill, will be launched.

Sales channels

Sales in pharmacies account for most of Apoteket's consumer sales.

In the reregulated pharmacy market, Apoteket will initially have 315 pharmacies, many of which will require adaptation to match Apoteket's new store concept, which was launched in spring 2010. The new concept will strengthen the brand and highlight the product line. The customer offering will be better and more distinct, with a touch of desire and inspiration,

making it easier for customers to live "A Life of Health".

Apoteket's web shop offers counselling and products for home delivery. Apoteket.se also plays a key role in the building of Apoteket's brand and loyalty programme.

Apoteket also interfaces with customers through some 850 pharmacy representatives.

Franchise

Apoteket plans to run pharmacies under its own auspices and in a franchise form. As a franchiser, Apoteket will be responsible

for the brand and the development of the business concept and product line. Apoteket will also be responsible for business and support systems, joint marketing, premises and interior design.

The franchisee gains access to a turnkey pharmacy and receives solid training, prior to the commencement of the operations and via an exchange of experience and access to training programmes.

The pilot franchise operation in 2008 continued in limited form during 2009. The trial showed that the franchise pharmacy concept had made highly favourable progress in terms of sales, cost-effectiveness and customer satisfaction. In the initial stage, about 50 of Apoteket's existing pharmacies will be operated by franchisees.

Markets and trends

The consumption of drugs and other health products is relatively unaffected by economic trends. Total sales of health products, which are sold primarily through convenience goods stores, supermarkets and health stores, amounted to about SEK 26 billion, and showed strong growth.

PHARMACIES IN THE APOTEKET CONSUMER BUSINESS SEGMENT			
	Apotek, number	2009 Sales, SEK m	2008 Sales, SEK m
Pharmacies remaining in Apoteket AB	315	11,319	11,175
Divested pharmacies for transfer in the first quarter of 2010	465	16,408	15,944
Apoteksgruppen i Sverige AB, spun off to the owner in the first quarter of 2010	150	3,851	3,715
Total	930	31,578	30,834



The sale of nonprescription drugs, such as headache pills, nicotine substitutes and nasal sprays increased from SEK 1.8 billion in 2000 to SEK 3.3 billion in 2009. Increased availability is expected to boost demand further.

Stiffer competition

In the reregulated market, Apoteket will

encounter competition from pharmacy chains and independent pharmacies, as well as local health stores, convenience stores and supermarkets.

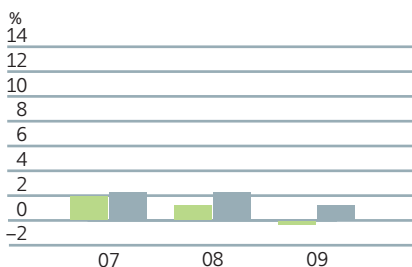
In addition to those who have purchased pharmacies from Apoteket, other players have launched sales of drugs. For example, ICA, Axfood and Coop, as well as a number of the major petrol

companies, have started to sell non-prescription drugs in their stores.

Satisfied customers

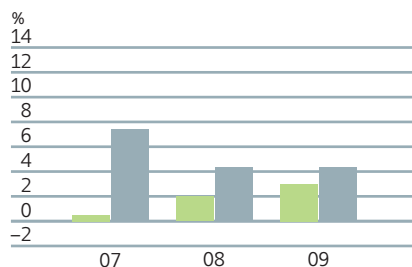
Apoteket has a very strong brand and an excellent image among customers and the public. The Swedish Quality Index – which measures customer satisfaction, expectations, product quality, service

CHANGE IN SALES
PRESCRIPTION DRUGS



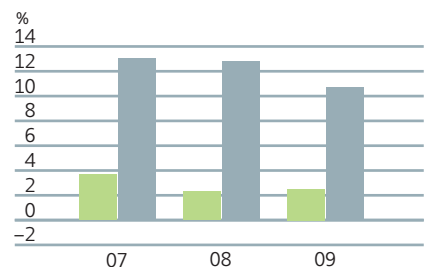
■ Average price change due to changes in price and product mix
■ Change in volume

CHANGE IN SALES
NONPRESCRIPTION DRUGS



■ Average price change due to changes in price and product mix
■ Change in volume

CHANGE IN SALES
OTHER HEALTH PRODUCTS



■ Average price change due to changes in price and product mix
■ Change in volume



quality, price worthiness and loyalty – confirms that Apoteket’s customers are more satisfied than all other retail customers. In particular, availability and personal service are the features that are most appreciated. Loyalty and confidence in Apoteket are also very high.

Apoteket’s personnel received a high ranking, not least in view of the challenges

entailed by the reregulation and sales process.

Future prospects

Apoteket Consumer will initially have about 35% of the total number of pharmacies in the Swedish market. The principal competitors are players who have purchased pharmacies from Apoteket and newly established pharmacy players, as well as supermarkets and convenience stores in respect of the nonprescription product line.

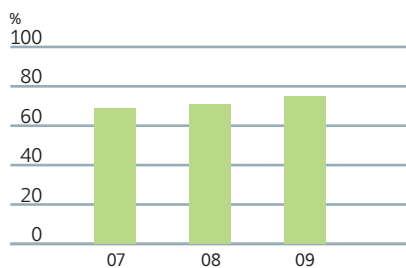
A sharp increase in the number of pharmacies in the Swedish market is expected in the immediate future. Apoteket Consumer will establish new pharmacies – in city centres and suburban shopping malls – while older pharmacies will be renovated and modernised. The customer experience will be the key feature in determining the pharmacy chosen by

customers. This is the starting point in the shaping of the store concept, product range and customer loyalty programmes.

The focus on skills development and in-house knowledge-support programmes will ensure that Apoteket’s workforce contributes to high patient safety and favourable drug utilisation. Employees are the core of Apoteket’s strong brand, and competent and committed personnel are decisive in ensuring that Apoteket Consumer will remain successful in a reregulated market.

Apoteket’s objective is to achieve profitability in line with the best in the industry. Apoteket Consumer will continue its efforts to continuously improve its efficiency through, for example, better planning of staffing and the introduction of a new business support system, which will ensure that the employees can devote more time to the customer interface.

SATISFIED CUSTOMERS



Source: Swedish Quality Index

APOTEKET FARMACI BUSINESS SEGMENT

Apoteket Farmaci contributes to quality and patient safety in nursing and healthcare by offering cost-effective supply of drugs, extemporaneous manufacturing and advanced pharmaceutical services such as drug utilisation reviews and training courses. Customers are primarily county councils, municipalities and private companies active in nursing and healthcare.

Apoteket Farmaci contributes to patient safety and superior health by means of effective processes for the handling of pharmaceuticals and drug utilisation throughout the healthcare chain. Apoteket Farmaci is active in

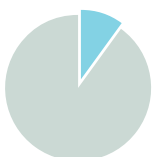
- Drug supply
- Pharmaceutical services
- Manufacturing of extemporaneous drugs

APOTEKET FARMACI		
	2009	2008
Sales, SEK m	8,020	7,505
Operating earnings, SEK m	172	140
Number of hospital pharmacies	73	74

SHARE OF APOTEKET'S SALES, 17%



SHARE OF APOTEKET'S OPERATING EARNINGS, 10%



During 2009, Apoteket Farmaci faced stiffer competition in the market for pharmaceutical services, both from county councils opting to conduct services under their own auspices and from new players.

Net sales and operating earnings

Net sales increased 6.9% compared with the preceding year, amounting to SEK 8,020 m. Sales of goods accounted for the increase, which was primarily due to volume increases in manufacturing, meaning institutional care medications, and rising average product prices in goods supply, referred to as institutional care supplies. Sales of services declined slightly from 2008, which was due to an increasing number of county councils employing pharmaceutical specialists and thus undertaking services under their own auspices, combined with the deferral of purchasing decisions.

Operating earnings totalled SEK 172 m, up 22.9% on the preceding year. Lower sales of services and thus a lower gross profit was offset by lower costs, which combined to raise Apoteket Farmaci's earnings.

Customers

The principal customer groups are county councils, municipalities, private companies active in nursing and healthcare and insurance companies.

During 2010, a number of supply agreements signed with county councils will be competitively procured. Existing supply agreements will gradually expire during 2010–2013.

Health services for employers comprise a new and growing market.

Products and services

Apoteket Farmaci seeks close cooperation with its customers, with the objective of being the best partner for the healthcare sector for the optimum utilisation of drugs. This means that services and concepts are developed on the basis of customer requirements.

Drug supply – distribution of drugs, operation of hospital pharmacies and supplementary pharmaceutical services, such as pharmaceutical services for nursing wards – constitutes the basis of operations. Drug service operations are currently established in most hospitals in Sweden. Currently, Apoteket Farmaci has some 200 pharmacists at hospital nursing wards, who are active in day-to-day pharmaceutical activities. Extemporaneous drugs – such as cytostatic chemotherapy agents and other sterile preparations – are manufactured at 29 hospital pharmacies and constitute an expanding activity. The manufacturing service contributes to a superior work environment for nurses and other nursing personnel by ensuring that manufacture is conducted in quality and environmentally assured premises and in accordance with quality-assured procedures.

Apoteket Farmaci offers a large range of qualified counselling and training services. During 2009, 67,000 (73,000) drug utilisation reviews were conducted for individual patients. The reduction was due to Government stimulus payments for municipalities and county councils not being paid before the latter part of the year.

Training courses in drugs and the elderly, drug handling and patient safety, as well as pharmaceuticals and the environment are aimed at doctors, nurses and other nursing personnel. Training courses for relatives is a new and growing area.

Apoteket Farmaci offers several services that simplify the work of nursing personnel and contribute to higher patient safety and lower waste and thus a reduced environmental impact. Interest in ApoDos for inpatient care – individual drug packages supplied directly to wards – is increasing, with sales rising 6% in 2009. During the year, automated drugs dispensers were tested in nursing facilities in Varberg and Borås.

Markets and trends

Although reregulation has not yet had

any major impact on Apoteket Farmaci's market, stiffer competition is expected from new players during 2010, and Apoteket Farmaci is well prepared to meet this challenge. Since 1 September 2008, the county councils have been permitted to select suppliers for their drug supply. Earlier, they were also permitted to conduct operations under their own auspices. However, Apoteket Farmaci continues to have contracts with all county councils, although an increasing number of county councils now employ their own pharmaceutical specialists and are increasingly conducting operations using their own resources. A number of players were already active in the market for pharmaceutical services.

Changes in the market situation impose considerable requirements on the development of attractive offerings and cost-effective processes.

Demand for advanced pharmaceutical services is rising, as well as for expertise regarding the importance of good drug utilisation and the handling of drugs. The media has contributed to this by, for example, highlighting poor conditions in elderly care. The Government's stimulus programme for the development of geriatric nursing and care entails a greater focus on drug utilisation reviews. The package amounted to SEK 1.35 billion in 2009 and is expected to extend over the next four years. The use of quality indicators to facilitate comparisons among the various county councils and municipalities also creates a driving force for focusing on quality improvements.

Interest in health and well-being is considerable. Accordingly, in cooperation with the insurance company Förenade Liv, Apoteket Farmaci offers the insurer's customers health checks as well as personal advice directly to employees at their workplaces.

Effective drug utilisation reviews

Major gains can be generated from drug utilisation reviews in the form of superior life quality for the individual patient and

reduced nursing costs through fewer visits to emergency facilities and fewer re-admittances.

Incorrect treatment costs society vast amounts annually. Each year, 1.5 million people are admitted to hospital in Sweden. Many of these are elderly and have multiple disorders, which may entail a greater risk of inappropriate medication. Studies indicate that up to 80% of inpatients and outpatients may be victims of incorrect medication. Occasionally, errors arise in drug utilisation when the patients are treated in varying healthcare facilities, a point noted by county councils and municipalities. During the patient's hospital stay, a medication record provides details of the patient's medications and the reason why they were prescribed. The medication record accompanies the patient to the next health-care provider and is aimed at enhancing safety and increasing the impact of drug treatment for the patient. An evaluation of medication records suggests that errors are reduced by 50%.

Since individuals respond differently to drugs, it is important that a review is conducted by pharmaceutical specialists with the expertise and experience to make an individual assessment. The cases in which a pharmacist is included in the nursing team have shown successful

results. During the year, three studies were completed in close cooperation with Lund University hospital, Södersjukhuset hospital in Stockholm and Akademiska hospital in Uppsala. These studies clearly confirm the value of qualified drug utilisation reviews.

Future prospects

Ahead of 2010, stiffer competition is expected from new players in the market. Eight county council contracts will expire and subsequent procurement by the county councils will proceed in line with the Act on Public Procurement (LOU).

Legislation governing the personal choice of healthcare provider, which was introduced on 1 January 2010, is expected to increase the demand for quality-enhancing pharmaceutical services. The legislation, which initially encompasses primary care, provides patients with the opportunity to personally select their healthcare provider. Apoteket Farmaci offers newly established healthcare providers a series of services and training programmes designed to increase efficiency and improve the offering to patients.



APOTEKET DISTRIBUTION BUSINESS SEGMENT

The Apoteket Distribution business segment is responsible for Apoteket's distance trading and the production and sale of ApoDos, multidose packaged drugs. It is also responsible for the Group's infrastructure – IT operations and goods supply.

Apoteket Distribution also manages some 850 pharmacy representatives, a distribution channel that Apoteket will retain up to 1 July 2012 to ensure favourable drug supply nationwide.

2009 was marked by major rationalisation programmes and restructuring to adjust activities to a reregulated market,

efforts that commenced as early as 2007. Considerable work was also devoted to transferring systems and processes to Apotekens Service AB, at the same time as Apoteket's business and support systems were modernised and adjusted to deal with the new market situation.

Net sales and operating earnings

Net sales rose 3.6% compared with the preceding year and totalled SEK 4,767 m. Sales for distance trading and the production and sale of multidose packaged drugs amounted to SEK 3,600 m.

Operating earnings amounted to 91 m, down SEK 5 m compared with the preceding year. Operating earnings for ApoDos (multidose services) were SEK 135 m.

New market conditions

Reregulation of the pharmacy market entails not only greater competition for local pharmacies but also changes among Apoteket's distance trading, ApoDos operations and pharmacy representatives. The conditions for effective goods supply will change when Apoteket's previous suppliers open pharmacies and become competitors.

Leading players in the European pharmacy market are integrating vertically in an effort to control distribution and the retail trade all the way from manufacturers to wholesalers. This is exemplified by the two drug distributors, Tamro and Kronans droghandel, which were previously links in the supply chain for the regulated market but are now building up their own pharmacy chains.

Distance trading and customer service

Apoteket's distance trading accounts for supplies to hospitals, outpatient and nursing facilities and also to pharmacy representatives and consumers who order goods by phone or via apoteket.se.

As part of the rationalisation of distance pharmacies, the distance pharmacy in Boden was closed during the year. Operations were concentrated to Falun and Hässleholm, facilities that have good locations and favourable potential for efficient logistics.

In spring 2009, a new e-commerce site was launched on apoteket.se, which broadens the offering and increases availability. Apoteket.se offers both counselling and the potential to buy prescription drugs and other products for home delivery. Customers can conduct pharmacy errands on behalf of others by means of a power of attorney. It is also possible for parents to purchase on behalf of their children. Apoteket.se also plays a key role in the building of Apoteket's brand and the development of the company's loyalty programme.

The distance trading unit also includes the veterinary pharmacy, which supplies drugs and other pharmacy goods for animal care. Sales have increased in recent years, a trend that continued in 2009.

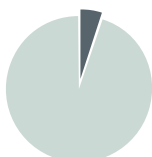
In 2009, Apoteket's Customer Centre handled three million errands, a decline from 2008 when it dealt with four million. At mid-year, the Medical Products Agency took over responsibility for providing producer-independent pharmaceutical information, and thus Apoteket's Customer Centre moved from being a nationwide pharmaceutical information

APOTEKET DISTRIBUTION		
	2009	2008
Sales, SEK m	4,767	4,601
Operating earnings, SEK m	91	96
Number of distance pharmacies	2	3
Number of dose dispensing pharmacies	11	11
Number of veterinary pharmacies	3	3
Number of pharmacy representatives, approx	850	855

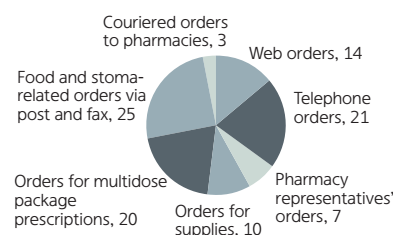
SHARE OF APOTEKET'S SALES, 10%



SHARE OF APOTEKET'S OPERATING EARNINGS, 5%



APOTEKET'S DISTANCE TRADING, %



service to supporting Apoteket's sales via pharmacies, web shop and telephone. Operations have been concentrated to Kalmar, resulting in the workforce be reduced by 100 employees and in cost cuts of SEK 100 m annually.

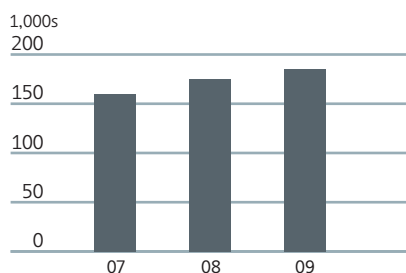
ApoDos, multidose dispensed drugs

ApoDos – Apoteket's individually packaged and multidose dispensed drugs – offers simpler and safer handling of drugs, with many benefits for physicians, nursing personnel, patients and relatives. ApoDos is used in both outpatient and inpatient care. During 2009, the number of patients using the ApoDos service rose by 3.4%, bringing the total to approximately 185,000.

Apoteket currently has contracts with all county councils covering ApoDos deliveries, with no renewal of procurement contracts scheduled prior to 2011. New players are expected to increase competition, but will also contribute market growth.

Production is distributed among 11 specialist dose dispensing pharmacies nationwide. To ensure competitive strength in a reregulated market, operations were rationalised during the year, which led to a sharp improvement in earnings.

NUMBER OF APODOS PATIENTS



IT operations

Apoteket has been mandated to provide checkout and business systems to all players by mid-year 2011. Consequently, intensive efforts during the year were focused on adjusting Apoteket's business and support systems to the new market situation. The objective is to modernise IT support, reduce costs and simultaneously provide transitional solutions to all players in the market. To facilitate the reregulation of the pharmacy market, the joint infrastructure for all players, such as the online prescription repository, the National Pharmacy Register and the high-cost protection database, were gradually transferred to Apotekens Service AB.

Goods supply

Apoteket Distribution is responsible for the Group's logistics issues, including transport and wholesale deliveries to Apoteket's pharmacies and production units. One aim is to optimise goods flows and coordinate the entire Group's goods supply and production units, since large volumes provide economies of scale and reduce Apoteket's costs. The greatest challenge is to establish a cash-and-carry solution for Apoteket. Until the time that this solution is in place, the unit serves as the supply partner between the current wholesale units and the Group's business operations.

Future prospects

In the case of distance trading and ApoDos, the focus continues to be on profitability. In the years ahead, additional rationalisation will be conducted in the shape of the consolidation of dose dispensing pharmacies. Meanwhile, business development and sales activities will be strengthened.

In IT operations, a major challenge will lie in rationalising and restructuring operationally critical systems and processes, at the same time as day-to-day operations must also function.

Apoteket's new IT support will be a key strategic tool in developing business, permitting changes and facilitating control and follow-up.

OTHER OPERATIONS BUSINESS SEGMENT

The Other Operations business segment consists of Apoteket Produktion & Laboratorier, Apoteket International AB, Institutet för Hälso- och Sjukvårdsekonomi AB (Swedish Institute for Health Economics) and Group-wide staff units, including Market & Product Range.

Net sales and operating earnings

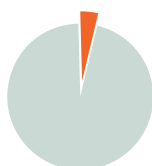
Net sales rose by 43.7% from the preceding year, as a result of an increase in intra-Group sales, and amounted to SEK 1,683 m.

The business segment reported an operating loss of SEK 903 m (loss: 528). The decline was due to additional costs attributable to the reregulation process.

Operating earnings for the first six months include the former subsidiary, Apotekens Service AB, which was spun off to Apoteket Omstrukturering AB on 30 June 2009.

OTHER OPERATIONS		
	2009	2008
Sales, SEK m	1,683	1,171
Operating earnings, SEK m	-903	-528
Number of production facilities	4	4

SHARE OF APOTEKET'S SALES, 4%



Apoteket Produktion & Laboratorier AB (APL)

Apoteket Produktion & Laboratorier (APL) is responsible for production and laboratory operations, primarily the development and manufacture of pharmaceuticals that are not supplied by the pharmaceuticals industry. The company also offers laboratory, development and manufacturing services to companies active in life science.

In early 2010, the Swedish Government decided that APL would be directly owned by the Swedish Government, since those operating outpatient pharmacies are not permitted to also be drug manufacturers.

Apoteket International AB

Apoteket International was established in 2008 to operate and develop Apoteket's international activities, primarily involving the sales of drug-related services and multidose dispensed drugs, ApoDos, for the nursing and healthcare sectors. Sweden is the world leader in the production and distribution of multidose packaged drugs, and is also well advanced in terms of IT support systems.

During 2009, a wholly owned subsidiary was established in Norway to supply drugs and pharmaceutical services for nursing homes and home nursing. Apoteket cooperates with Mediq, an established supplier of medical equipment to the

Norwegian healthcare services. The first dose dispensing and distance pharmacy was established in late 2009, with initial deliveries to customers taking place in January 2010.

The goal for 2010 is to grow in the Norwegian market by means of forceful marketing. The long-term objective is that, by 2012, Apoteket will be a strong pharmacy and wholesale player in the Nordic region and the Baltic countries both through directly owned units and strategic partnerships with leading players in each market.

Institutet för Hälso- och Sjukvårdsekonomi AB (IHE)

Institutet för Hälso- och Sjukvårdsekonomi AB (IHE) (Swedish Institute for Health Economics) is a non-profit research and study institute with the task of contributing to the development of healthcare.

Market & Product Range

Market & Product Range is a Group staff unit in Apoteket AB that is responsible for the company's health products. One consequence of the incorporation of the operations earmarked for sale is that Market & Product Range sold health products to subsidiaries during the second half of 2009. This accounts for the majority of sales reported in the Other Operations business segment.

APOTEKET'S APPROACH TO SUSTAINABILITY

Apoteket has a longstanding tradition of conducting sustainability work. Sustainability work refers to everything done to ensure that, on a sustainable basis, Apoteket is a responsible and successful company economically, socially and environmentally. This involves how the vision "A Life of Health" and Apoteket's core values are applied in day-to-day operations.

Sustainability work entails that Apoteket assumes responsibility in relations with stakeholders. During autumn 2009, a number of interviews were conducted with representatives of key stakeholder groups. Most of the interviewees highlighted the fact that they have considerable confidence in Apoteket and that patient safety is the company's paramount sustainability issue. The survey confirmed high expectations of Apoteket's ability to continue to work actively on sustainability issues when competitors emerge in the market.

High availability and service

Availability and service are key issues for Apoteket's customers. In order to meet – and preferably exceed – customer expectations, operations are directed towards a number of targets such as waiting times, level of service and customer satisfaction. Performance in meeting these yardsticks has improved during the year, which was particularly positive during a year of substantial uncertainty for employees.

Competent counselling reduces social costs

Nowadays, pharmaceuticals play a key role in society and are a pivotal factor in the well-being of many people. However, studies reveal that more than one in every four patients receives inappropriate drugs, incorrect doses or unsuitable drug combinations. The social costs of incorrect drug utilisation are considerable. Apoteket's efforts to reduce these costs include com-

petent pharmaceutical counselling for customers and information to healthcare providers, prescribers and customers regarding the benefits of competent drug utilisation reviews, start packages and multidose packaged drugs.

Drugs for a life of health

Apoteket works actively to make sure that drug treatment has the desired effect so as to ensure that the customer gains better health. Apoteket's system support facilitates for the pharmaceutical specialist in ensuring that the customer receives the right drug in the right dose. Drug dispensing to customers is accompanied by information and advice on treatment. The customer is also entitled to a counselling appointment, which involves discussing overall personal drug utilisation with a pharmaceutical specialist.

Ahead of the reregulation of the pharmacy market, the Government assigned Apoteket to develop a new electronic dispensing support system in an effort to further raise patient safety and improve drug utilisation. The support system was tested in a pilot scheme during autumn 2009. Effective January 2010, the dispensing support system will become part of the joint infrastructure that all pharmacy players will have access to via Apotekens Service AB.

Apoteket dispenses about 68 million prescriptions annually. Despite competent employees and system support, dispensing errors occur. These are surveyed and analysed in order to learn from mistakes and implement preventive measures. During the year, 9,950 dispensing errors

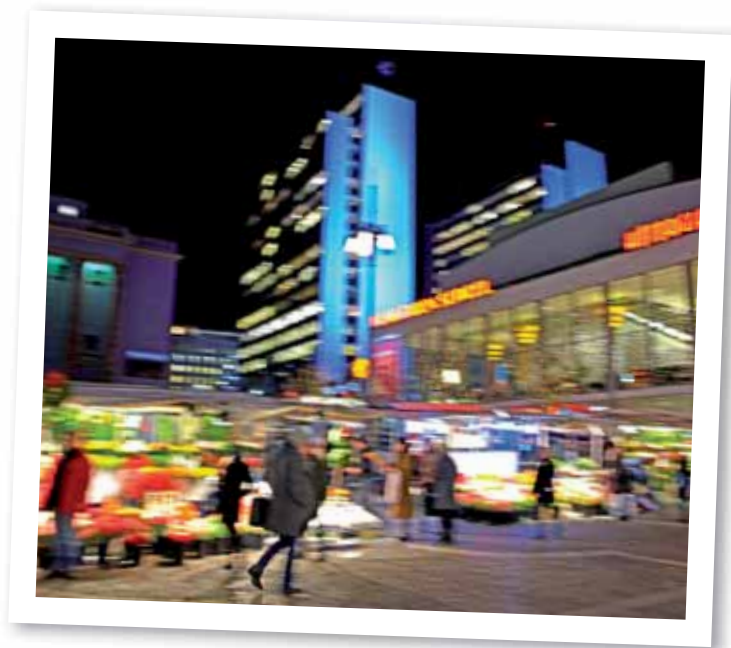
occurred, compared with 12,600 during 2008. Dispensing errors that have serious consequences for customers accounts for only a very small portion. These cases are reported to the National Board of Health and Welfare, pursuant to the Lex Maria legislation. The number of such cases in 2009 totalled 29 (24).

Support and training for committed employees

For Apoteket's employees, 2009 was a different and ground-breaking year. The year was marked by uncertainty as regards which pharmacies were to be sold and the other implications of the reregulation for employees and customers. Significant activities resulting from the transition included training and coaching executives in how to manage change and the drawing up of a new industry agreement. Apoteket's transition support system assists the employees that become surplus to find new employment with other employers. To ensure the optimum transition to the new pharmacy owners, Apoteket worked during the year on an undertaking that involved supplying the sector with administrative HR systems for payroll management and other applications.

Despite substantial transition work and uncertainty about the future, the values relating to motivation, health and leadership improved, as appears in the results of HR surveys. However, internal communications need to be improved. In addition, the figures for sick leave and work attendance moved in a positive direction during the year.

To meet future challenges, to sharpen



focus on the customers and motivation, and to be perceived as an attractive employer in the new market, Apoteket has identified a number of focus areas, including employment terms and conditions, competence development and health.

Competence and control for sustainable production

A key aspect of the sustainability work is to ensure decent conditions at Apoteket's business partners. Apoteket has adopted a code of conduct that will gradually be included in all new supplier contracts. By signing the code of conduct, the supplier makes a clear undertaking to work for decent conditions in the production of the products supplied to Apoteket. During the year, extensive efforts were initiated to survey and risk-assess Apoteket's suppliers in respect of social and environmental conditions. Follow-up is then undertaken to a varying degree, depending on the risk class.

Consistent environmental work offers continuing progress

Apoteket has worked successfully on environmental issues for many years. Activities with the highest environmental impact are emissions of environmentally harmful substances from the production and consumption of pharmaceuticals, as well as the emission of greenhouse gases from transport and travel.

In recent years, Apoteket has applied an environmental management system certified according to ISO 14001. This entails an undertaking to consistently improve environmental programmes.

Programmes to reduce the environmental impact of pharmaceuticals

Apoteket's operations contribute indirectly to the spread of pharmaceutical substances in the ecosystem. Apoteket's contribution to reducing this effect primarily involves the dissemination of information. Apoteket makes an important contribution by explaining how and why

residual pharmaceuticals should be returned to pharmacies instead of being disposed of in household waste or flushed down the toilet. During 2009, Apoteket collected a total of 1,128 tonnes of pharmaceutical waste, including packaging.

In addition, Apoteket Farmaci and personnel in the nursing and healthcare sector are jointly working to prevent pharmaceutical waste by means of various services.

By various efforts, Apoteket has also successfully reduced pharmaceutical waste from its in-house production and multidose packages. Since 2007, waste from in-house manufacturing has declined by 15%, well above the set target of 10% by 2010.

An environmentally evaluated product range

To reduce the share of environmentally impacting substances in non-pharmaceutical products, these are environmentally

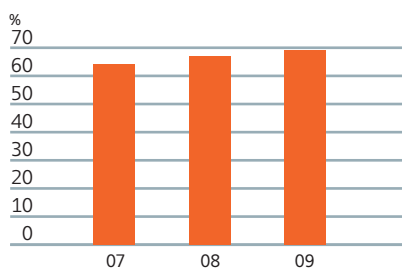
evaluated before being included in the product range. Apoteket's aim is to reduce the percentage of environmentally impacting substances in the product range to less than 2.5% by 2010. During 2009, the percentage was reduced from 3.5 to 2.9%.

Demand is rising for environmentally labelled products as the environment increasingly becomes a priority issue for consumers. The target for 2009, namely, that environmentally/fair trade labelled goods should be available in at least five product areas, was achieved, and for 2010 the aim is to raise this to eight product areas.

Operations requiring permits and environmental fines

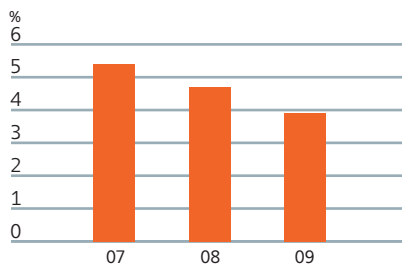
The manufacture of pharmaceuticals at Apoteket's subsidiary APL comprises 1.2% (1.2) of Apoteket's net sales and requires permits under the Swedish

WORK ATTENDANCE



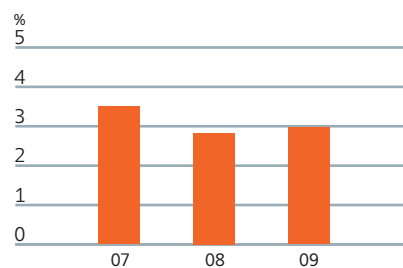
Percentage of employees with a maximum of seven days of sick leave during the past 12 months.

SICK LEAVE



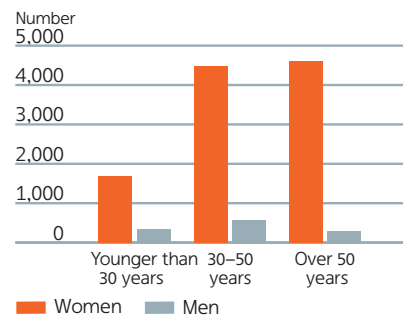
Total sick leave as a percentage of the total scheduled working hours

EMPLOYEE TURNOVER



Personnel turnover continues to remain at a relatively consistent level compared with previous years.

GENDER AND AGE DISTRIBUTION AMONG APOTEKET'S EMPLOYEES



Gender and age distribution for the total number of employees at 31 December 2009.

Environmental Code. Production facilities are located in Umeå, Stockholm, Gothenburg and Malmö. The risk of significant discharges to the air, water or land, or through waste and noise, only exists in the event of an accident; however, this risk is not considered to constitute a significant environmental impact. No breaches of the limits stated in the permits occurred during the year, and Apoteket was not charged with any environmental fines or other injunctions under the Swedish Environmental Code.

The climate issue – a challenge during 2010

In 2009, Apoteket's total carbon dioxide emissions were reduced by 0.4%. Emissions from business travel and commuting were reduced by 15%. A continuation of the reduction in emissions and attainment of the target for 2010 requires supplementary programmes in respect of, for instance, guidelines governing the business meetings policy and travel. Emissions from goods transport rose by 9%.

Read more!

For the fifth consecutive year, Apoteket has published a separate Sustainability Report. This report is an important tool in communicating with the surrounding world in terms of Apoteket's role in society and how Apoteket lives up to the expectations of its stakeholders. Apoteket's Sustainability Report complies with the international guidelines of the Global Reporting Initiative (GRI). The report also provides specific examples of what sustainability work means in practice.



Read more in the Swedish Sustainability Report at apoteket.se.

SIGNIFICANT RISKS AND UNCERTAINTIES

Business risks

Apoteket's Parent Company, Apoteket Omstrukturering AB, is the unit handling the sale of pharmacies as a result of the reregulation of the pharmacy market. The company is pursuing the process independently of Apoteket AB.

During the fourth quarter of 2009, an agreement was signed covering the sale of eight of Apoteket's subsidiaries containing 465 pharmacies, with takeover scheduled for the first quarter of 2010. During 2010, the subsidiary Apoteksgruppen i Sverige AB, with 150 pharmacies, will be spun off to Apoteket Omstrukturering AB. Following the completion of these transactions, Apoteket will initially have a market share of about 35%.

As of November 2009, convenience goods stores and supermarkets are permitted to sell a large range of pharmaceuticals.

The above events imply a substantial impact on sales and earnings. New business opportunities must be developed, parallel with extensive restructuring work in a bid to achieve favourable profitability in the future.

Apoteket currently has contracts with all municipalities governing the supply of drugs to hospitals. Should Apoteket lose any of the major supply agreements, this would entail a profitability risk for operations. The current supply agreements expire during 2010–2013.

Operational risks

In a reregulated pharmacy market in which new players establish a presence, there is a considerable risk that Apoteket could lose highly competent employees to competitors, and not just pharmaceutical specialists and pharmacy technicians, but also centrally placed key people.

Over a transitional period, Apoteket has been assigned to provide system solutions and administrative solutions to buyers of pharmacies and new players. It is important for Apoteket that requisite

resources are available in key competency areas for the completion of the assignment.

Financial risks

Apoteket's exposure to currency, interest and credit risks is limited.

REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of the Chairman of the Board and other Board members is determined by the Annual General Meeting (AGM). At the AGM held on 17 April 2009, remuneration of the Chairman of the Board was set at SEK 300,000 and the amount for other Board members at SEK 150,000. For ordinary employee representatives, the sum of SEK 4,000 is payable per Board meeting, for Board work taking place outside of ordinary working hours, and, for deputies, the sum of SEK 2,000 is payable.

The AGM also resolved that Board members active on the Audit Committee, will receive, in addition to ordinary remuneration, fixed remuneration of SEK 50,000 for the Chairman of the committee and SEK 25,000 for other members of the committee. The amounts are for an entire year.

There is no remuneration for work on the Remuneration Committee.

GUIDELINES REGARDING THE REMUNERATION OF SENIOR EXECUTIVES

The Board decides, at a full meeting, on the employment and terms of employment of the President. Other senior executives are employed by the President in consultation with the Remuneration Committee.

At the AGM, the Board will submit motions on the principles of remuneration and other terms of employment for senior executives, for approval by the AGM.

Apoteket applies the Government's guidelines on the terms of employment

for those in senior management positions. In accordance with these guidelines, salaries and remuneration for senior executives at Apoteket are to be competitive, but not pay-leading. There are no outstanding share-based or share-price-based incentive programmes for the Board or senior executives.

Salary and benefits for the President and other senior executives are presented in Note 9.

Proposed guidelines to apply as of the next AGM

The Board proposes that Apoteket apply the guidelines, as decided by the Government, concerning the terms of conditions of employment for individuals in senior positions in public companies. Total remuneration shall be reasonable, well-balanced, competitive, be subject to a ceiling and appropriate for the purpose, as well as contributing to good ethics and a sound corporate culture.

Remuneration must not be pay-leading in relation to comparable companies but should instead be marked by moderation. It should also act as a guide for the total remuneration of other employees.

For further information about the Swedish Government's ownership policy, see the Government's website, www.sweden.gov.se.

PARENT COMPANY

Net sales of Apoteket AB (publ) totalled SEK 25,556 m (35,622). Operating earnings amounted to SEK 252 m (146). Earnings after tax amounted to SEK 250 m (375).

Cash flow from operating activities totalled SEK 435 m (1,186). Cash flow from investing activities was a negative SEK 239 m (neg: 490). Cash flow from financing activities was a negative SEK 546 m (neg: 7).

Cash flow for the year was a negative SEK 350 m (pos: 689).

As at 1 July 2009, a significant share of operations was transferred to nine subsidiaries, of which eight were divested during the first quarter of 2010. The sales price was SEK 5.9 billion.

The subsidiary, Apoteksgruppen i Sverige AB, will be spun off to Apoteket's Parent Company during the first quarter of 2010.

Events of significant importance to an assessment of development, substantial risks and uncertainties

Significant risks and uncertainties as reported for the Group, are also relevant for the Parent Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the sale of six of the subsidiaries containing pharmacies, which had been the subject of a sales process, was completed.

- As of 15 January 2010, the shares in three subsidiaries were transferred to Medstop Holding AB.
- As of 5 February 2010, the shares in two subsidiaries were transferred to ApoPharm AB (Apotek Hjärtat).
- As of 19 February 2010, the shares in one subsidiary were transferred to Kronans Droghandel Retail AB.
- Apoteket's Board decided to seek a new CEO and Stefan Carlsson will leave Apoteket AB during August 2010.
- Two members of Apoteket's Group Executive Board, Per Matses (CFO) and Johan Wallér (Group Coordination Manager) will leave the company during the first half of 2010.

OUTLOOK FOR 2010

Sales generated by the divested pharmacies or those distributed to Apoteket Omstrukturerings AB totalled SEK

20,259 m in 2009, corresponding to 47.0% of total revenue. Accordingly, Apoteket's sales for 2010 will decline significantly.

PROPOSED DISTRIBUTION OF EARNINGS

The Board's proposal for the distribution of earnings is presented on page 55.

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Consolidated statement of comprehensive income

Amounts in SEK m	Note	2009	2008
Net sales	5	43,073	41,710
Other income		6	11
Total revenues	6	43,079	41,721
Goods for resale ¹⁾		-34,172	-33,263
Other external costs	7, 8	-2,604	-2,250
Personnel costs	9, 17, 24	-4,991	-4,955
Depreciation and impairment	14, 15	-508	-303
Operating earnings		804	950
Share of earnings of associated companies	16	-1	0
Financial revenues	23	13	39
Financial costs	23	-10	-20
Pre-tax earnings		806	969
Income tax	10	-274	-258
Net earnings for the year		532	711
Other comprehensive income			
Remeasurement of financial fixed asset		-1	-1
Total comprehensive income during the year		531	710
Net earnings for the year attributable to:			
Parent Company's shareholders		532	711
Comprehensive income during the year attributable to:			
Parent Company's shareholders		531	710
Earnings per share, SEK	12	3,040	4,063
Number of shares		175,000	175,000

¹⁾ The term "Goods for resale" comprises Apoteket's cost of materials for the sale of drugs and other products.

Consolidated cash-flow statement

Amounts in SEK m	Note	2009	2008
Operating activities			
Pre-tax earnings		806	969
<i>Adjustment for non-cash items</i>			
Depreciation and impairment		508	303
Net capital gains		34	12
Change in pension claim		-14	-380
Other		2	2
Paid taxes		-263	-7
Cash flow from operating activities before changes in working capital		1,073	899
<i>Cash flow from changes in working capital</i>			
Changes in inventories		-14	-127
Changes in receivables		-367	-265
Changes in liabilities		198	561
Cash flow from operating activities		890	1,068
Investing activities			
	14, 15, 16		
Investments in intangible assets		-159	-86
Investments in tangible fixed assets		-137	-158
Investments in associated companies		-	-9
Investments in other financial fixed assets		-3	-
Sales of intangible assets		7	-
Sales of tangible fixed assets		10	-
Cash flow from investing activities		-282	-253
Financing activities			
Decrease in current financial liabilities		-550	-99
Group contribution provided to sister company		-25	-
Dividends paid	31	-277	-165
Cash flow from financing activities		-852	-264
Cash flow for the year		-244	551
Cash and cash equivalents at the beginning of the year		1,010	459
Cash and cash equivalents at the end of the year		766	1,010

Cash flow from receipt of interest income amounted to SEK 13 m (39).
Cash flow from payment of interest expense amounted to SEK 10 m (20).

Changes in consolidated equity

Shareholder's equity is, in its entirety, attributable to the Parent Company's shareholder

Amounts in SEK m as of 31 December	Note	Share capital	Other reserves	Retained earnings	Total equity
Opening balance as of 1 January 2008		175	4	3,114	3,293
Total comprehensive income during the year		0	-1	711	710
Dividend	31	-	-	-165	-165
Closing balance as of 31 December 2008		175	3	3,660	3,838
Opening balance as of 1 January 2009		175	3	3,660	3,838
Total comprehensive income during the year		0	-1	532	531
Group contribution provided to sister company		-	-	-25	-25
Tax on Group contribution		-	-	6	6
Dividend	31	-	-	-324	-324
Closing balance as of 31 December 2009		175	2	3,849	4,026

Consolidated balance sheet

Amounts in SEK m as of 31 December	Note	2009	2008
ASSETS			
Fixed assets			
<i>Intangible assets</i>	14	49	155
<i>Tangible fixed assets</i>			
Buildings, land and land improvements	15	216	228
Equipment		477	925
Construction in progress		0	0
Total tangible fixed assets		693	1,153
<i>Financial fixed assets</i>			
Holdings in associated companies	16	27	37
Financial assets available for sale	23	3	5
Pension claim	17	1,412	1,398
Other receivables		0	0
Total financial fixed assets		1,442	1,440
Total fixed assets		2,184	2,748
Current assets			
Inventories	18	1,073	1,999
Accounts receivable	23	3,119	5,005
Current tax assets		76	41
Receivable from Parent Company		19	-
Other receivables	19	551	688
Prepaid expenses and accrued income	20	262	209
Cash and cash equivalents	23	766	1,010
Total current assets		5,866	8,952
Assets held for sale	13	3,636	-
TOTAL ASSETS		11,686	11,700
EQUITY			
Share capital		175	175
Other reserves		2	3
Retained earnings		3,849	3,660
Total equity		4,026	3,838
LIABILITIES			
Long-term liabilities			
Deferred tax	11	617	608
Other provisions	22	51	72
Other long-term liabilities		81	-
Total long-term liabilities		749	680
Current liabilities			
Liabilities to credit institutions, interest-bearing	23	1,750	2,300
Accounts payable	23	2,445	3,972
Other liabilities		252	355
Accrued expenses and deferred income	21	330	470
Other provisions	22	109	85
Total current liabilities		4,886	7,182
Total liabilities		5,635	7,862
Liabilities attributable to held for sale assets	13	2,025	-
TOTAL EQUITY AND LIABILITIES		11,686	11,700
Contingent liabilities			
Guarantee commitments, others	22	132	0
Pledged assets		none	none

Parent Company statement of earnings

Amounts in SEK m	Note	2009	2008
Net sales	26, 27	25,556	35,622
Other operating income		259	719
Total earnings	6	25,815	36,341
Goods for resale ¹⁾	26	-20,104	-28,882
Other external costs	7, 8	-1,953	-2,120
Personnel costs	9, 24, 33	-3,236	-4,904
Depreciation and impairment	14, 15	-270	-289
Operating earnings		252	146
Share of earnings in Group companies	28	168	436
Other interest income and similar items	23, 26	15	36
Interest costs and similar items	23, 26	-9	-26
Earnings before appropriations and tax		426	592
Appropriations	29	-13	-37
Pre-tax earnings		413	555
Income tax	10	-163	-180
NET EARNINGS FOR THE YEAR		250	375

¹⁾ The term "Goods for resale" comprises Apoteket's cost of materials for the sale of drugs and other products.

Parent Company cash-flow statement

Amounts in SEK m	Note	2009	2008
Operating activities			
Earnings before appropriations and tax		426	592
<i>Adjustment for non-cash items</i>			
Depreciation and impairment		270	289
Share of earnings of Group companies		-168	-436
Net capital gains		34	12
Other		7	-
Taxes paid		-117	-5
Cash flow from operating activities before changes in working capital		452	452
<i>Cash flow from changes in working capital</i>			
Changes in inventories		-358	263
Changes in receivables		1,700	984
Changes in liabilities		-1,359	-513
Cash flow from operating activities		435	1,186
Investing activities			
	14, 15, 16		
Investments in intangible assets		-32	-86
Investments in fixed assets		-96	-145
Investments in financial fixed assets		-125	-345
Sale of tangible fixed assets		15	86
Sale of operations		-17	-
Repayment of other financial fixed assets		16	-
Cash flow from investing activities		-239	-490
Financing activities			
Decrease in current financial liabilities		-550	-99
Group contributions received/distributed		281	257
Dividends paid	31	-277	-165
Cash flow from financing activities		-546	-7
Cash flow for the year		-350	689
Cash and cash equivalents at the beginning of the year		995	306
Cash and cash equivalents at the end of the year		645	995

Cash flow from receipt of interest income amounted to SEK 15 m (36).
Cash flow from payment of interest expense amounted to SEK 9 m (26).

Changes in Parent Company's equity

Amounts in SEK m as of 31 December	Note	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Net earnings for the year	Total equity
Opening balance as of 1 January 2008		175	35	4	1,493	235	1,942
Change in fair value reserve		-	-	-1	-	-	-1
Group contributions provided		-	-	-	-89	-	-89
Tax on Group contributions		-	-	-	25	-	25
Distribution of earnings		-	-	-	235	-235	-
Net earnings for the year		-	-	-	-	375	375
Dividends	31	-	-	-	-165	-	-165
Closing balance as of 31 December 2008		175	35	3	1,499	375	2,087
Opening balance as of 1 January 2009		175	35	3	1,499	375	2,087
Change in fair value reserve		-	-	-1	-	-	-1
Group contributions provided		-	-	-	-155	-	-155
Tax on Group contributions		-	-	-	41	-	41
Distribution of earnings		-	-	-	375	-375	-
Net earnings for the year		-	-	-	-	250	250
Dividends	31	-	-	-	-324	-	-324
Closing balance as of 31 December 2009		175	35	2	1,436	250	1,898

Parent Company balance sheet

Amounts in SEK m as of 31 December	Note	2009	2008
ASSETS			
Fixed assets			
<i>Intangible assets</i>	14	32	137
<i>Tangible fixed assets</i>	15		
Buildings, land and land improvements		185	196
Equipment		397	848
Construction in progress		0	0
Total tangible fixed assets		582	1,044
<i>Financial fixed assets</i>			
Participations in Group companies	30	1,653	395
Receivables from Group companies		35	50
Holdings in associated companies	16	9	18
Financial assets available for sale	23	3	5
Other long-term receivables		-	0
Total financial fixed assets		1,700	468
Total fixed assets		2,314	1,649
Current assets			
Inventories	18	780	1,402
Accounts receivable		1,811	3,843
Receivables from Group companies		789	554
Current tax assets		48	55
Other receivables	19	389	518
Prepaid expenses and accrued income	20	234	163
Cash and cash equivalents		645	995
Total current assets		4,696	7,530
TOTAL ASSETS		7,010	9,179
EQUITY			
Restricted equity			
Share capital (175,000 shares with quota value SEK 1,000)		175	175
Statutory reserve		35	35
Total restricted equity		210	210
Non-restricted equity			
Fair value reserve		2	3
Retained earnings		1,436	1,499
Net earnings for the year		250	375
Total non-restricted equity		1,688	1,877
Total equity		1,898	2,087
Untaxed reserves	32	872	859
Provisions			
Deferred tax liability	11	5	7
Other provisions	22	156	141
Total provisions		161	147
LIABILITIES			
Long-term liabilities			
Liabilities to Group companies		7	7
Other long-term liabilities		81	-
Total long-term liabilities		88	7
Current liabilities			
Liabilities to credit institutions, interest-bearing	23	1,750	2,300
Accounts payable		1,647	3,043
Liabilities to Group companies		186	55
Other liabilities		169	289
Accrued expenses and deferred income	21	239	391
Total current liabilities		3,991	6,078
Total liabilities		4,079	6,085
TOTAL EQUITY AND LIABILITIES		7,010	9,179
Contingent liabilities			
Guarantee commitments, other	22	132	0
Pledged assets		none	none

Notes to the financial statements

NOTE 1 GENERAL INFORMATION

Apoteket AB (publ.) (the Parent Company) and its subsidiaries (which jointly form the Group) distribute and sell pharmaceutical and self-care products, as well as services related to pharmaceuticals and healthcare, mainly through a network of pharmacies and to the health services. The Group has four production facilities for the manufacture of special drugs. The Parent Company is a registered limited liability company, and its registered office is in Stockholm. The address of the head office is Södermalmsallén 36, SE-118 81 Stockholm, Sweden.

The consolidated financial statements and the Annual Report for 2009 were approved for publication by the Board of Directors and the President on 25 February 2010, and will be presented to the Annual General Meeting on 13 April 2010.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretative recommendations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission. Recommendation RFR 1.2 "Supplementary accounting rules for groups" of the Swedish Financial Reporting Board has also been adopted. The preparation of financial statements in conformity with the IFRS standards requires the use of a number of significant assumptions and accounting estimates. The management is also required to make certain assessments when applying the company's accounting policies. Areas involving significant assessments that are complex, or areas where assumptions and estimates are of material importance to the consolidated financial statements, are presented in Note 3.

Basis of preparation of the consolidated financial statements

The working currency of the Parent Company and the subsidiaries is the Swedish krona (SEK), which is also the reporting currency for both the Parent Company and the Group. Unless otherwise stated, all recognised amounts have been rounded to the nearest million. The consolidated financial statements have been prepared according to the cost method, except insofar as certain financial assets measured at fair value are concerned. Such assets consist of condominiums, which are classified as financial assets available for sale.

The principal accounting policies adopted when these consolidated financial statements were prepared are formulated below. Unless otherwise stated, these policies have been applied consistently for all of the years presented. The Parent Company's accounting policies are presented in Note 4.

Changed accounting policies

The Group applies the same accounting policies as those applied in the 2008 Annual Report, with the following exceptions due to new or revised standards, interpretations and improvements as adopted by the EU and applied as of 1 January 2009. The presentation below includes only those changes that have had an impact on the Group.

IAS 1 Presentation of Financial Statements

This standard came into force on 1 January 2009 and applies to the accounting year starting after that date. The standard entails, for example, that equity transactions with the owner must be presented in a separate statement. Other transactions recognised directly in equity must be presented either as a continuation of the statement of earnings or in a separate statement. For other transactions recognised directly in equity, income tax accruing on each component must be recognised separately. If a restatement of a comparative period has occurred, a restated opening balance sheet for the comparative period must be presented.

IFRS 7 Financial instruments

The amendment of IFRS 7 has entailed that additional disclosures be provided concerning financial instruments measured at fair value in the balance sheet.

IFRS 8 Operating Segments

This standard came into force on 1 January 2009 and applies to accounting years starting after that date. It deals with the division of the company's business into different segments. According to the standard, companies are to take, as their starting point, the structure of their internal reporting and define recognisable segments according to this structure.

Information concerning forthcoming standards, amendments and interpretations

IFRS 3 Business Combinations

The amendments to IFRS 3 will entail a change in the manner in which future acquisitions of business will be reported. To be applied as of 1 January 2010.

IAS 27 Consolidated and Separate Financial Statements

The amendments to IAS 27 will entail a change in the recognition of losses arising in subsidiaries and in when the controlling influence over subsidiaries ceases. To be applied as of 1 January 2010.

IFRS 9 Financial Instruments Recognition and Measurement (not approved by the EU)

Pending completion of all aspects of the standard, the Group has not evaluated the effects of the new standard.

IAS 24 Related Party Disclosures

The definition of related parties has been amended; in addition, certain relief is permitted concerning disclosures required of state-owned companies. To be applied as of 1 January 2010.

The forthcoming standards, amendments and interpretations of IFRS standards presented above are not expected to impact the Group's statement of earnings or financial position. However, they could require changes in the presentation of financial instruments, in addition to additional disclosures in notes, including, in certain cases, updates of accounting policies.

Consolidated financial statements

Subsidiaries are all companies in which the Group is entitled to formulate financial and operational strategies in a manner that normally accompanies

a shareholding exceeding half of the voting rights. They are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which this influence ceases. The consolidated financial statements have been prepared according to the purchase method, whereby the shareholder's equity of the subsidiaries at the time of acquisition, determined as the difference between the fair values of their assets and liabilities, is eliminated in full. Accordingly, consolidated equity contains only that portion of the subsidiaries' equity arising after the acquisition. Intra-group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated.

Accounting for associated companies

Associated companies are all companies in which the Group has a significant, but not a controlling, influence, which generally applies to shareholdings comprising between 20 and 50% of the votes. Holdings in associated companies are recognised according to the equity method and are initially measured at cost.

The Group's share of earnings in associated companies, after their acquisition, is recognised in the statement of earnings. Accumulated changes after the acquisition are stated as a change in the carrying amount of the holding. When the Group's share of the losses of an associated company amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group does not recognise further losses unless it has taken on commitments or made payments on behalf of the associated company. There are no unrealised gains and losses on transactions between the Group and its associated companies.

Assets held for sale

Assets held for sale are defined as assets whose value is intended to be recovered by means of sale rather than by being used in a business operation. Assets that are classified as holdings of assets held for sale must be reported separately in the balance sheet.

Assets held for sale must be recognised at the carrying amount or the fair value less selling costs, whichever is lower.

Depreciation/amortisation of assets classified as assets held for sale is not permissible.

Reporting by segments

An operating segment is defined as a component of a business entity. Characteristics of a segment include the following:

- it engages in business operations from which it can accrue revenues and incur costs (including revenues and costs involving transactions with other parts of the same company),
- its operating earnings is examined regularly by the company's chief operating decision maker as a basis for decisions concerning the allocation of resources to segments and evaluation of their results,
- there is separate financial information available about the segment.

Translation of receivables and liabilities in a foreign currency

Foreign currency transactions are translated to the working currency at the rate of exchange applying on the date of the transaction. Currency gains and losses arising from the payment of such transactions, and from the translation of assets and liabilities in foreign currencies at the year-end exchange rate, are recognised in the statement of earnings.

Intangible assets

Capitalised development expenses

Development expenses are capitalised insofar as they are adjudged to generate future economic benefits. The recognised amount includes direct expenditure for acquired services and materials, as well as indirect expenses that can be attributed to the asset in a reasonable and consistent manner. Other development costs are expensed in the statement of earnings as they arise.

In the balance sheet, recognised capitalised development expenses are entered at acquisition value less accumulated amortisation and impairment. The principal criteria for capitalisation are that future earnings and cash flow can be demonstrated to derive from the end product resulting from the development work and that the technical and financial capabilities for completing the development work existed when the work started. Software licences have a limited useful life and are recognised at acquisition value less accumulated amortisation. Costs that are closely associated with software production include personnel costs for program development and a reasonable portion of assignable indirect costs.

Other intangible assets

Other intangible assets mainly comprise expenditure for the acquisition of rental contracts.

Additional expenditure

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only if the expenditure increases the future economic benefits of the specific asset to which the expenditure pertains. All other expenditure is expensed when it arises.

Amortisation principles

Amortisation using the straight-line method is recognised in the statement of earnings over the estimated useful life of the assets. Licences and capitalised development costs recognised as assets are amortised over their estimated useful life, which is estimated as five years. The amortisation period for other intangible assets corresponds to the contractual period.

Tangible fixed assets

Owned assets

Buildings and land mainly comprise production facilities and other buildings. Buildings are recognised at their acquisition value less subsequent straight-line depreciation. Land is recognised at acquisition value. Other tangible fixed assets are stated at acquisition value less depreciation. The acquisition value includes expenditure that can be directly attributed to the acquisition of the asset.

Additional expenditure

Additional expenditure is added to the carrying amount of the asset only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the acquisition value of the asset can be reliably determined. Continuous repair and maintenance are recognised as costs in the statement of earnings during the period in which they arise.

Depreciation principles

Land is not depreciated. Depreciation of other assets is allocated to their acquisition value down to their estimated residual value. Straight-line depreciation is applied over the estimated useful life, as follows:

– Buildings	20–40 years	– Fittings	20 years
– Machinery	5–10 years	– Equipment and installations	3–5 years
– Vehicles	5 years		

Impairment losses

Whenever there is an indication of a decrease in the value of a tangible or intangible asset, a recoverable amount is estimated for the asset. The recoverable amount is compared with the carrying amount. The amount by which the carrying amount of the asset exceeds its recoverable amount is then recognised as an impairment loss. The recoverable amount is the higher of the fair value of an asset less selling expenses and its value in use. In assessing the need for impairment losses, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

Leases

Leasing of fixed assets, whereby the Group essentially bears the financial risks and enjoys the benefits associated with ownership, is classified as financial leases. These are recognised at the start of the leasing period at the lower of the fair value of the leased item and the present value of the minimum leasing fees. Each lease payment comprises amortisation of the liability and financial expenses in order to achieve a fixed rate of interest for the recognised liability. Corresponding payment obligations, after a deduction for financial expenses, are included in other long-term liabilities and current liabilities. The interest portion of the financial expenses is recognised in the statement of earnings distributed over the leasing period, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised during each period. Fixed assets held under financial leases are depreciated over their useful life or the leasing period, whichever is the shorter.

Charges for operating leasing are expensed using the straight-line method over the leasing period. Apoteket's operating leasing charges relate mainly to the rental of premises for pharmacies.

Financial instruments

Financial instruments are any type of agreement that gives rise to a financial asset, financial liability or an equity instrument in another company. Financial instruments recognised in the balance sheet include, on the asset side, cash and cash equivalents, accounts receivable, shares and loan receivables. Liabilities and equity include accounts payable, issued instruments of debt and loan liabilities. Cash and cash equivalents comprise cash and bank deposits and short-term investments with a maturity of less than 90 days.

Recognition of financial assets and liabilities

Financial instruments are initially recognised at acquisition value corresponding to the instrument's fair value plus transaction costs for all financial instruments apart from those pertaining to the financial assets category, which are recognised at fair value via the statement of earnings. The way they are subsequently recognised depends on how they have been classified.

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has performed and has a contractual obligation to pay, even if an invoice has not been received.

A financial asset is derecognised from the balance sheet when the contractual rights expire or the company's control over the asset ceases. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is fulfilled or is extinguished in another manner. The same applies to a part of a liability.

The fair value of unlisted financial assets is determined using established valuation techniques.

On every reporting occasion, the company assesses whether there are objective reasons to impair a financial asset.

Classification of financial instruments

Financial instruments are classified in categories. The classification depends on the reason for which the financial instruments were acquired. Management determines the classification of the instruments the first time they are recognised and reassesses this decision on every reporting occasion. The categories are as follows:

1) **Financial assets and financial liabilities measured at the fair value via statement of earnings**

This category comprises two subgroups:

- a) Financial assets and liabilities held for sale.
- b) Financial assets and liabilities that, from the very beginning, were designated as belonging to this category.

Apoteket has no financial instruments in this category.

2) **Loan receivables and accounts receivable**

These assets are subject to fixed payment periods or payment periods with the potential to be fixed. Apoteket's cash and cash equivalents, accounts receivable and loan receivables belong to this category.

3) **Investments intended to be held to maturity**

This category comprises financial assets subject to fixed payment periods or payment periods with the potential to be fixed that Apoteket intends, and has the ability, to retain until maturity.

4) **Financial assets available for sale**

This category comprises financial assets that cannot be classified in any other category, such as shares and participating rights in either listed or unlisted companies. Apoteket's condominiums belong to this category.

5) **Financial liabilities measured at a crude acquisition value**

This category comprises financial liabilities that are not held for sale. Apoteket's accounts payable and liabilities to credit institutions as belonging to this category.

Recognition of financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash assets, bank deposits and other short-term investments with a maturity of less than 90 days from the date of acquisition.

Financial assets held for resale

Financial assets held for resale comprise condominiums recognised at fair value. Changes in fair value are recognised in equity.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets with fixed payment periods or payment periods with the potential to be fixed and that are not listed on an active market. A characteristic feature of such assets is that they arise when the Group provides cash, goods or services directly to a customer without the intention to trade in the receivable that arises. They are included in current assets, with the exception of items with a due date later than 12 months after the reporting period, which are classified as fixed assets.

Accounts receivable are initially recognised at fair value and thereafter at their accrued acquisition value less any reserve for a decrease in value. Such a reserve is created when objective evidence exists that the Group will not be able to receive all the amounts that have fallen due according to the original terms of the receivables. For private customers, the size of the reserve is calculated from a rating template, subject to a rising percentage linked to an increased number of past due days after the date of payment. For contract customers, the size of the reserve is calculated as 30% of receivables older than 90 days, plus all cases submitted for debt collection. The amount reserved is recognised in the statement of earnings.

Financial liabilities

Financial liabilities are initially recognised at the amount received less transaction costs. After the date of acquisition, the liabilities are measured at accrued acquisition value in accordance with the effective interest rate method.

Inventories

Inventories are measured at the lower of acquisition value and net realisable value. Acquisition value is determined using the first-in, first-out (FIFO) method.

Revenue recognition

Income comprises the fair value of sold goods and services, excluding value added tax (VAT) and discounts and after the elimination of intra-group sales.

Sales of goods are recognised as income when a Group company sells a product to a customer. Retail sales are usually paid in cash or with a

credit card. The gross sales amount, excluding VAT and including any credit card charges to be paid for the transaction, is recognised as income.

Services performed on current account are recognised as revenue at the rate at which the work is performed. For services performed at a fixed price, revenues are recognised insofar as they correspond to the assignment fees that have arisen and that are to be compensated for by the client.

Accrued revenue is recognised as an amount corresponding to the minimum costs incurred during the assignment. The total revenue that can be recognised is limited by the contractual amount. This may result in the recognised revenue exceeding/being less than the amount invoiced. Where applicable, revenues are adjusted when the assignment has been completed.

Notification charges, reminders and statutory charges attributable to Apoteket's part-payment system are recognised as income after they have been paid. The same principle applies to recovered bad debts attributable to the part-payment system.

Current tax

Recognised current tax comprises tax that is payable or receivable for the current year and adjustments to the current tax for previous years. The valuation of all tax liabilities/receivables takes place at nominal amounts and according to the tax rules and tax rates that have been adopted or that have been announced and will, in all likelihood, be enacted.

In the case of items recognised in the statement of earnings, tax effects associated with these items are also recognised there.

Deferred tax

Deferred tax is recognised in its entirety according to the balance sheet method on all temporary differences that arise between the fiscal and carrying amounts of assets and liabilities in the consolidated financial statements.

However, if the deferred tax arises from a transaction that comprises the first report made of an asset or liability that is not a company acquisition and that, at the time of the transaction, influences recognised or taxable earnings, it is not recognised. Deferred tax is calculated by applying tax rates and tax laws that have been adopted or announced as per the balance sheet day and that are expected to apply when the deferred tax claim in question is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised insofar as it is likely that future fiscal surpluses will be available against which the temporary differences can be utilised. Deferred tax assets can be offset against deferred tax liabilities when there is a legal right to offset such amounts and when the deferred tax applies to the same tax authority.

Deferred tax is calculated on temporary differences that arise in participations in subsidiaries and associated companies, except where the time of reversal of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be reversed within the foreseeable future.

Cash flows

The statements of cash flows are recognised according to the indirect method. The recognised cash flow comprises only transactions involving receipts and disbursements.

Employee benefits, pensions

The companies in the Group have different pension plans which are financed via the Pension Foundation and through payments to an insurance company or an insurance association. The Group has both defined-contribution and defined-benefit pension plans.

A defined-benefit plan is one that specifies the amount of pension benefit to be received by the employee on retirement – normally based on one or more factors, such as age, length of service and pensionable salary.

In a defined-contribution plan, the company pays fixed contributions to a separate legal entity. It has no legal or informal obligation to pay additional contributions if the legal entity does not have assets sufficient to pay all of the benefits to the employees, which are linked to the employee's length of service during the current or previous periods.

The liability/receivable recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation on the balance sheet day less the fair value of the plan assets, with adjustments for non-recognised actuarial gains/losses for service in prior periods. The defined-benefit pension obligation is calculated, annually, by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future cash flows based on the interest rate for ten-year treasury bonds issued in the same currency in which the benefits are to be paid and with a term corresponding to the pension liability in question. For actuarial gains and losses, the so-called corridor rule is applied. The corridor rule entails that actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions exceeding 10% of the value of the plan assets or 10% of the defined-benefit obligation, whichever is greater, are expensed or recognised as income over the estimated average remaining period of service of the employees. Otherwise, actuarial gains and losses are not recognised.

In the case of those pension payments recognised as defined-contribution plans, the Group pays contributions to an insurance company/insurance association. Once these contributions have been paid, the Group has no further payment obligations. The contributions are recognised as personnel costs when they become due for payment. With regard to defined-benefit pensions insured with Alecta, Apoteket has not had access to information enabling it to recognise them as defined-benefit plans. Accordingly, the supplementary pension for salaried employees (the ITP plan) is insured with Alecta and is recognised as a defined-contribution plan. In the event of notice being served, benefits are payable when an employee is made redundant before the date of the normal pension or when an employee accepts voluntary retirement from employment in exchange for such benefits. The Group recognises severance payments when it is demonstrably obliged either to give notice to an employee according to a detailed formal plan for which no possibility of cancellation exists or to provide benefits when giving notice as a result of an offer made to encourage voluntary retirement from employment.

Provisions

Provisions are recognised when the Group has an existing or informal commitment resulting from previous events, it is more likely than not that an outflow of resources to regulate the commitment will be required and the amount has been estimated reliably.

Contingent liabilities and contingent assets

Contingent liabilities are recognised when there is a possible commitment originating from occurred events whose existence will be confirmed by one or more uncertain future events. Contingent liabilities could also comprise existing events that are not recognised as a liability or provision because it is not probable that an outflow of resources will be required or when it is not possible to calculate the amount with sufficient accuracy. When they arise, contingent liabilities are recognised at their discounted value.

NOTE 3 SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events that are considered to be reasonable under prevailing circumstances. The Group makes estimates and assumptions about the future.

The estimates for accounting purposes that result from these will, by definition, seldom correspond with the actual outcome.

A re-examination of actuarial assumptions for pension calculations, according to IAS 19, is performed annually. For further information about pension calculations according to IAS 19, see Note 17, Pension assets in the Group.

NOTE 4 PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company complies with the Group accounting policies, apart from the exceptions and supplements stipulated by the Swedish Financial Reporting Council in Recommendation RFR 2.2 Reporting for legal entities.

Subsidiaries/associated companies

Participations in subsidiaries/associated companies are reported to the Parent Company according to the acquisition cost method. Only dividends received are recognised as income, provided that they relate to earnings that have arisen after the acquisition. Dividends in excess of these earnings are regarded as a repayment of the investment and reduce the carrying amount of the participation.

Leased assets

In the Parent Company, all leases are recognised in accordance with the rules for operational leases.

Tangible fixed assets

Tangible fixed assets in the Parent Company are recognised at acquisition value less accumulated depreciation and any impairment, just as for the Group, but including any write-ups.

Pensions

In the Parent Company, the grounds for calculating defined-benefit plans differ from those stated in IAS 19. The Parent Company complies with the provisions of the Act on the Safeguarding of Pension Obligations, 1967:531, and the Swedish Financial Supervisory Authority's FFFS 2007:24 provision.

The principal differences compared with the rules of IAS 19 are the way in which the discount rate is determined, the fact that the calculation of the defined-benefit obligation is based on the current salary level without assuming future salary increases, and the recognition of all actuarial gains and losses in the statement of earnings as they arise.

Group contributions

The Parent Company's recognition of Group contributions received is equivalent to the dividend recognised. This means that Group contributions received and the relating current tax effect are recognised in the statement of earnings. Group contributions provided and the relating current tax effects are recognised directly against retained earnings.

NOTE 5 INFORMATION BY OPERATING SEGMENT

Segment disclosures – business segments

Apoteket is divided into segments on the basis of business segments: Apoteket Consumer, which includes all outpatient pharmacies, Apoteket Farmaci which includes all hospital pharmacies, and Apoteket Distribution which includes e-trading distribution and dose dispensing pharmacies as well as Other Operations which includes Apoteket International AB, Apoteket Produktion & Laboratorier AB and Group-wide functions. Costs of operations conducted within Group-wide functions that are directly attributable to the various businesses have been transferred to the business segments. Transfers or transactions between business segments have been eliminated and internal trading between business segments is subject to normal commercial terms and conditions.

The assets of the business segments primarily comprise tangible

fixed assets, intangible assets, inventories, receivables and cash and cash equivalents. Investments consist of purchases of tangible fixed assets and intangible assets. Of the assets in the Apoteket Consumer business segment, SEK 3,636 m is classified as assets held for sale.

Reporting to the chief operating decision maker contains an in-depth analysis of the operating results of each business segment, including operating revenue, gross profit and overhead expenses. The analysis can differ depending on the business segment concerned. The accounting policies applied for the Group apply in full for all of the business segments. Since no form of debt measurement is reported to the chief operating decision maker, liabilities are not reported in the above summary for the various business segments.

The results of the business segments during the 2008 accounting year are presented below:

	Apoteket Consumer	Apoteket Farmaci	Apoteket Distribution	Other Operations	Eliminations	Group
Sales revenues	30,834	7,505	4,601	1,171	-2,401	41,710
<i>of which, transactions between business segments</i>	135	70	1,177	1,027	-	-
Operating earnings/loss	1,242	140	96	-528	-	950
Net financial items	-14	0	0	33	-	19
Share of earnings of associated companies	-	-	-	-	-	0
Pre-tax earnings	-	-	-	-	-	969
Income tax	-	-	-	-	-	-258
Net earnings for the year						711

Note 5, continued

The results of the business segments during the 2009 accounting year are presented below:

	Apoteket Consumer	Apoteket Farmaci	Apoteket Distribution	Other Operations	Eliminations	Group
Sales revenues	31,578	8,020	4,767	1,683	-2,975	43,073
<i>of which, transactions between business segments</i>	157	63	1,196	1,537	-	-
Operating earnings/loss	1,444	172	91	-903	-	804
Net financial items	-10	0	0	13	-	3
Share of earnings of associated companies	-	-	-	-	-	-1
Pre-tax earnings	-	-	-	-	-	806
Income tax	-	-	-	-	-	-274
Net earnings for the year						532

Other earnings/loss items pertaining to business segments are presented below:

	Apoteket Consumer	Apoteket Farmaci	Apoteket Distribution	Other Operations	Group
2008					
Depreciation/amortisation		109	9	130	288
Impairment losses		-	-	-	15
2009					
Depreciation/amortisation		108	8	124	429
Impairment losses		-	-	24	79

Assets of business segments as per 31 December 2008 and investments during 2008 are presented below:

	Apoteket Consumer	Apoteket Farmaci	Apoteket Distribution	Other Operations	Unallocated	Group
Assets	6,077	1,601	1,649	2,295	41	11,663
Associated companies	-	-	-	-	37	37
Total assets	6,077	1,601	1,649	2,295	78	11,700
Investments	77	14	45	108	9	253

Assets of business segments as per 31 December 2009 and investments during 2009 are presented below:

	Apoteket Consumer	Apoteket Farmaci	Apoteket Distribution	Other Operations	Unallocated	Group
Assets	6,569	1,762	1,121	2,131	76	11,659
Associated companies	-	-	-	-	27	27
Total assets	6,569	1,762	1,121	2,131	103	11,686
Investments	100	6	45	7	124	282

NOTE 6 BREAKDOWN OF INCOME

Net sales include income from:

	Group		Parent Company	
	2009	2008	2009	2008
Sales of goods	42,267	40,878	24,817	34,924
Sales of services	705	713	561	539
Invoiced costs	38	33	24	29
Notification charges, statutory charges	58	58	58	58
Rental income	1	4	93	49
Other income	4	24	3	23
Total	43,073	41,710	25,556	35,622

Other operating income includes income from:

	Group		Parent Company	
	2009	2008	2009	2008
Commission payments from Adara AB ¹⁾	-	-	253	704
Recovered bad debts	5	5	5	5
State grants received ²⁾	1	5	1	5
Other income	0	1	0	5
Total	6	11	259	719

¹⁾ The operations of Adara AB were transferred to the Parent Company on 1 May 2009.

²⁾ Includes special compensation for operating the National Pharmacy Register, as well as fulfilling the national responsibility for vaccine and antidote supply, which is stated in the business agreement.

NOTE 7 OPERATIONAL LEASING FEES

Future minimum leasing fees relating to operational leases that cannot be terminated were distributed as follows:

	Group		Parent Company	
	2009	2008	2009	2008
Within 1 year	491	556	234	554
Between 1 and 5 years	1,094	2,184	534	2,174
After more than 5 years	358	907	157	904

Leasing costs relating to operational leases during the year amounted to SEK 564 m (530) in the Group and SEK 420 m (528) in the Parent Company.

Apoteket's leasing fees relate mainly to the rental of premises for

pharmacies and its head office. Most of the rental agreements expire within five years, although there is nothing to indicate that they will not be renegotiated.

NOTE 8 FEES FOR AUDITORS AND AUDIT COMPANIES

	Group			Parent Company		
	2009	2008	2007	2009	2008	2007
<i>Audit</i>						
Lay auditor ¹⁾	0	0	0	0	0	0
National Audit Office ²⁾	0	0	0	0	0	0
Ernst & Young AB	4	3	3	3	2	2
<i>Other assignments</i>						
Ernst & Young AB	7	7	13	7	7	13
Öhrlings PricewaterhouseCoopers	–	–	1	–	–	1
Total	11	10	17	10	9	16

¹⁾ The lay auditor received a fee of SEK 20,000 (20,000).

²⁾ The auditor appointed by the National Audit Office received a fee of SEK 350,000 (326,000).

The audit pertains to the examination of Apoteket's annual report, consolidated financial statements and accounting records, the administration of the company by the Board of Directors and President, other assignments that the auditors are obligated to conduct and consultancy or other advice resulting from the audit assignment.

Other assignments pertain mainly to analysis and inquiry assignments due to the planned reregulation of the Swedish pharmacy market. These assignments are considered not to affect the impartiality and independence of the auditors.

NOTE 9 SALARIES, OTHER REMUNERATION AND SOCIAL COSTS

	Group		Parent Company	
	2009	2008	2009	2008
Salaries and remuneration	3,402	3,460	2,181	3,176
Social costs	1,476	1,372	972	1,520
(of which, collective pension costs) ^{1) 2)}	(338)	(144)	(241)	(390)
Total	4,878	4,832	3,153	4,696

¹⁾ The Groups' pension costs, calculated according to IAS 19, SEK 7.7 m (6.5), pertains to the Board of Directors, President, previous Presidents and other senior executives. The Group's outstanding pension obligations to these persons amount to SEK 50.7 m (42.9). The defined-benefit pension obligations for this group are secured through Apoteket AB's Pension Foundation.

²⁾ The Parent Company's outstanding pension obligations for the Group, President, previous Presidents and other senior executives, calculated according to the Act on the Safeguarding of Pension Obligations, increased to SEK 40.7 m (35.6). The

pension cost for the group concerned amounted to SEK 8.4 m (cost: 18.4). Pension costs are defined as pension premiums paid, change in pension reserve and pensions paid. The reason for the reduced obligation is that Apoteket entered a new pension agreement from 2008. The new agreement means that all employees are connected to ITP, excluding certain transitional groups and management personnel, and that Apoteket takes annual decisions on the indexing of matured pensions and accrued pension rights, as opposed to before when the value was guaranteed.

Incentive programme

An earnings-based incentive programme has been established for managers and employees of units included in Apoteket's evaluation of a franchise-like operating format. If Apoteket's earnings exceed the budgeted figure, a portion of the excess earnings will become available as scope for bonus payment. This scope for bonus payment will primarily be at the disposal of the manager. Should the earnings significantly exceed the budgeted figure, the manager will be empowered to also pay a bonus to the employees. The maximum outcome of the programme for an individual employee corresponds to two monthly salaries.

Another earnings-based programme for employees and managers of pharmacies could result in payment of SEK 3,000 per employee/manager if all three bonus targets are achieved. One of the bonus targets is mandatory for all units and is designed as a financial improvement target on the basis

of the unit's earnings target. The other two targets are established by the business area/profit centre concerned.

Apoteket has also introduced a stay-employed bonus for a few individuals within the Group, some of whom are senior executives. The agreements were entered into in accordance with previously applicable guidelines and have not been renegotiated since new guidelines were adopted in April 2009. This entails a deviation from the currently applicable guidelines for senior executives. The bonus agreements that were entered into in 2008 were based on an ambition to safeguard the company's mission of maintaining secure and satisfactory drug supply and contributing to the reregulation of the pharmacy market. The maximum payment amounted to four monthly salaries. The agreements were terminated as of 31 December 2009.

Note 9, continued

Salaries and other remuneration distributed among senior executives and other employees:

	Group ¹⁾		Parent Company	
	2009	2008	2009	2008
Members of the Board and President and other senior executives ¹⁾	23	20	20	16
(of which are bonuses, etc)	(-)	(-)	(-)	(-)
Other employees	3,379	3,440	2,161	3,160
Total	3,402	3,460	2,181	3,176

¹⁾ In the Group, the Board of Directors, President and other senior executive category comprises 30 (21) persons. In the Parent Company, the corresponding category comprises 28 (17) persons. Apoteket defines other senior executives as Group Executive Board and the subsidiaries' Presidents.

The Board of Directors' composition, number of meetings attended and fees

Amounts in SEK 000s 2009	Elected, year	Board meetings	Number of meetings of the Audit Committee	Number of meetings of the Remuneration Committee	Ordinary fee	Fee for committee work
Per Båtelson (Chairman) ¹⁾	2006	18/23		3/3	213	-
Sven-Olof Bodenfors ²⁾	2006	17/23			108	-
Eva Eriksson ³⁾	2001	15/23		3/3	108	-
Catarina Fritz ⁴⁾	2008	18/23	3/8		108	13
Karin Kronstam ⁵⁾	2006	18/23	5/8		108	38
Peter Lagerblad ⁶⁾	2002	15/23	2/8		108	6
Carola Lemne ⁷⁾	2004	4/23			33	-
Kia Orback Pettersson ²⁾	2006	18/23			108	-
Anders Åhlund ⁷⁾	2008	4/23			43	-
Henrik Lundström ⁸⁾	2009	13/23			12	-
Christian W Jansson ⁹⁾	2009	5/23			75	-
Gert Karnberger ¹⁰⁾	2009	4/23	3/8		38	6
Kristina Schauman ¹¹⁾	2009	5/23	3/8		38	13
Lars-Johan Jarnheimer ¹²⁾	2009	5/23			38	-
Elisabet Wenzlaff ¹³⁾	2009	5/23			38	-
Anna Sundgren ¹⁴⁾	2008	13/23			20	-
Camilla Felton ¹⁵⁾	2008	0/23			-	-
Carina Jansson ¹⁶⁾	2002	23/23			24	-
Gunilla Andersson ¹⁷⁾	2005	6/23			-	-
Carin Sällström-Nilsson ¹⁸⁾	2009	4/23			4	-
Malin Jonsson ¹⁹⁾	2009	4/23			-	-
Gunilla Larsson ²⁰⁾	2009	4/23			-	-

¹⁾ Re-elected Chairman of the Board at the AGM on 17 April 2009. Also Chairman of the Remuneration Committee. Relieved of these assignments on 7 October 2009.

²⁾ Re-elected at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009.

³⁾ Re-elected at the AGM on 17 April 2009. Also member of the Remuneration Committee. Relieved of these assignments on 7 October 2009.

⁴⁾ Re-elected at the AGM on 17 April 2009. Member of the Audit Committee since 17 April 2009. Relieved of these assignments on 7 October 2009.

⁵⁾ Re-elected at the AGM on 17 April 2009. Also Chairman of the Audit Committee. Relieved of these assignments on 7 October 2009.

⁶⁾ Re-elected at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009. Member of the Audit Committee up to 17 April 2009.

⁷⁾ Stepped down from the Board in connection with the AGM on 17 April 2009.

⁸⁾ Elected to the Board at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009.

⁹⁾ Elected at the Extraordinary General Meeting on 7 October 2009 and elected Chairman of the Board.

¹⁰⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also member of the Audit Committee.

¹¹⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also Chairman of the Audit Committee.

¹²⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also Chairman of the Remuneration Committee.

¹³⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also member of the Remuneration Committee.

¹⁴⁾ Employee representative, appointed by the Swedish Pharmaceutical Association in 2008 up to October 2009.

¹⁵⁾ Employee representative (deputy), appointed by the Swedish Pharmaceutical Association in 2008 up to October 2009.

¹⁶⁾ Employee representative, appointed by the Swedish Association of Technical Pharmacy Employees in 2002, regular member since 2005.

¹⁷⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees in 2005 up to October 2009.

¹⁸⁾ Employee representative, appointed by the Swedish Pharmaceutical Association in October 2009.

¹⁹⁾ Employee representative (deputy), appointed by the Swedish Pharmaceutical Association in October 2009.

²⁰⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees in October 2009.

Fees to the Chairman and Members of the Board are payable in accordance with resolutions from the Annual General Meeting.

Fees for work on Boards of Directors of subsidiaries

Kia Orback Pettersson was a Member of the Board of the subsidiaries Apoteket International AB and Adara AB up to October 2009. A fee of SEK 70,000 was received for this work. Peter Lagerblad was a Member of the Board of the subsidiary Apoteket International AB up to October 2009. A fee of SEK 70,000 was received for this work.

Meg Tiveus, Björn Rosén and Birgitta Stymne Göransson are Members of the Board of the subsidiary Apoteket Farmaci AB. For 2009, each of these three Board members received a fee of SEK 73,000.

Board composition

At the Annual General Meeting held on 17 April 2009, the following Board members were re-elected: Per Båtelson (who was also elected the Chairman of the Board), Sven-Olof Bodenfors, Eva Eriksson, Catarina Fritz, Karin Kronstam, Peter Lagerblad and Kia Orback-Pettersson. Henrik Lundström was newly elected.

The employee representatives were appointed by the Swedish Association of Technical Pharmacy Employees and the Swedish Pharmaceutical Association. The Swedish Association of Technical Pharmacy Employees

Note 9, continued

appointed Carina Jansson as an ordinary member with Gunilla Andersson as a deputy. The Pharmaceutical Association appointed Anna Sundgren as an ordinary member with Camilla Felton as a deputy.

A new Board was elected at an Extraordinary General Meeting on 7 October 2009. The meeting elected Christian W Jansson, Lars-Johan Jarnheimer, Elisabet Wenzlaff, Gert Karnberger and Kristina Schauman without deputies. The meeting elected Christian W Jansson as Chairman of the Board.

The owner's motivation for the new Board of Directors indicates that the profiles that are deemed of central importance include expertise in retail sales, restructuring/change, financial and legal issues. The composition of the new Board of Directors creates favourable prerequisites for enabling the company to fulfil its assignment to ensure reliable and adequate drug supplies during the reregulation period, to contribute to reregulation and to prepare for the new market situation. The owner considers that the new Board meets the requirements that can be placed on a company with these operations.

Carina Jansson remained as the ordinary representative for the Swedish Association of Technical Pharmacy Employees and Gunilla Larsson

was appointed as deputy for the same organisation. The Swedish Pharmaceutical Association appointed Carin Sällström-Nilsson as an ordinary member with Malin Jonsson as a deputy.

The Board of Directors thus consists of five members appointed by the Annual General Meeting and two ordinary and two deputy members appointed by the employee organisations.

The Board established an Audit Committee and a Remuneration Committee among its members with two members on each committee.

The Board members are presented in more detail on pages 62–63.

Work of the Board of Directors

On the basis of the business agreement, the Board of Directors has assigned priority to a healthy economy, good availability, safe drug utilisation and a health perspective. In its rules of procedure, the Board has also established an annual cycle regarding issues to be discussed over the year. Considering that Apoteket Omstrukturering AB is the owner of Apoteket AB, the issue of division of responsibilities between the companies' boards has been prioritised.

Remuneration and benefits paid to senior executives in 2009

Amounts in SEK 000s	Appointed	Salary	Other benefits ¹⁾	Total	Retirement age	Pension cost ²⁾	Period of notice (employee/company)	Severance pay
Stefan Carlsson, President and Chief Executive Officer	1999	2,934	114	3,048	62	1,175	6 months/ 6 months	18 months
Per Matses, Chief Financial Officer	1999	1,772	66	1,838	60	379	6 months/ 6 months	18 months
Annema Paus, President of Apoteket Farmaci AB	2001	1,986	90	2,076	65	624	6 months/ 6 months	18 months
Eva Fernvall, Brand Director	2005	1,463	77	1,540	65	356	6 months/ 6 months	18 months
Marianne Dicander, Executive Vice President, Director Apoteket Consumer	2007	2,195	139	2,334	62	590	6 months/ 6 months	18 months
Tore Löwstedt, Director Apoteket Distribution	2007	1,918	104	2,022	65	427	6 months/ 6 months	18 months
Monica Höglind, HR Director	2007	1,714	115	1,829	62	509	6 months/ 6 months	18 months
Johan Wallér, Group Coordination Manager	2008	1,195	82	1,277	65	187	6 months/ 6 months	18 months
Ulrika Eriksson, Director Market & Product Range	2009	1,729	74	1,803	65	216	6 months/ 6 months	18 months
David Kruse, President of Apoteket International AB ³⁾	2009	1,121	108	1,229	65	61	6 months/ 6 months	18 months
Per Netzell, Director Product Range & Purchasing ⁴⁾	2009	1,457	91	1,548	65	–	6 months/ 6 months	18 months
Total		19,484	1,060	20,544		4,524		

¹⁾ Other benefits mainly comprise the value, for tax assessment, of a company car and fuel.

²⁾ Pension cost pertaining to defined-benefit pension is calculated in accordance with Act on Safeguarding Pension Obligations. Apoteket has a new pension agreement as of 2008, which entails in part that all employees are connected to the ITP plan, excluding certain transitional groups and management personnel, and in part that Apoteket takes annual decisions on the indexing of matured pensions and accrued pension rights. The President's pension is calculated during the vesting period in

accordance with the lower interest-rate assumption, which results in a higher cost. Monica Höglind and Tore Löwstedt have defined-contribution pensions. Marianne Dicander has a defined-benefit pension between 62 and 65 years and a defined-contribution pension after 65 years.

³⁾ David Kruse has been a member of the Group Executive Board since 1 October 2009.

⁴⁾ Per Netzell was a member of the Group Executive Board from 1 April up to 31 October 2009.

Remuneration and benefits for the President and other senior executives consist of a salary, paid in cash, other benefits/other remuneration and pension commitments. All amounts are stated excluding social security contributions and special employer's contributions.

The President and other senior executives have a six-month mutual period of notice. In the event of termination of employment by the employer, 18-months severance pay will also be paid.

Terms and conditions for pensions

The President and CEO, Stefan Carlsson, has a pensionable age of 62. The pension is paid according to Apoteket's pension plan. For salaries in excess of the ceiling, which is 30 increased basic amounts, a pension of 32.5% is paid on top of the pensionable salary. Three senior executives have ITP2 from 65 years of age. One of these also receives a pension between the age of 60 and 65, at a rate of 65% of pensionable salary. Three members

Note 9, continued

of the Group Executive Board have a defined-contribution pension, which, in principle, equates to the conditions according to ITP1. Two of these have a pensionable age of 62. Apoteket has a new pension agreement from 2008. The new agreement means that all employees are connected to the ITP plan, excluding certain transitional groups and management personnel, and that Apoteket takes annual decisions on the indexing of matured pensions and accrued pension rights, as opposed to previous plans whose value was guaranteed.

Basis for decisions

Remuneration and benefits payable to the President have been decided by the Board of Directors. Remuneration and benefits payable to other senior executives have been decided by the President in consultation with the Remuneration Committee.

NOTE 10 INCOME TAX

	Group		Parent Company	
	2009	2008	2009	2008
Current tax for the year	-225	-160	-165	-168
Deferred tax	-49	-98	2	-12
Share of the tax of associated companies	0	0	0	0
Total	-274	-258	-163	-180

The tax on the Group's and Parent Company's pre-tax earnings differs from the theoretical amount that would have resulted from a weighted average tax rate applicable to the earnings of the Group and the Parent Company, as follows:

	Group		Parent Company	
	2009	2008	2009	2008
Pre-tax earnings	806	969	413	555
Tax at the existing tax rate	-212	-270	-109	-155
Tax effect changed corporate tax rate ¹⁾	-5	31	-	0
Adjustment of tax attributable to earlier period	-	-12	-	-12
Tax effect of revenues not liable for tax	-	1	-	1
Tax effect of non-deductible costs ¹⁾	-57	-8	-54	-14
Tax expense	-274	-258	-163	-180

The current rate of income tax is 26.3% (28).

¹⁾ As a result of a change to the corporate tax rate in Sweden, from 2009, the deferred tax liabilities have been revalued, which reduced the tax costs in the Group by SEK 31 m for 2008. The effective tax rate for the period was 34%, which was mainly attributable to non-tax-deductible impairment losses pertaining to investments in subsidiaries,

which in the consolidated financial statements are treated as an acquisition of an intangible asset. Those companies that have been up for sale are taxed at the preceding year's tax rate, as the companies' first accounting year has been extended.

NOTE 11 DEFERRED TAX

	Group		Parent Company	
	2009	2008	2009	2008
<i>The year's deferred tax expense</i>				
Adjustment of tax attributable to earlier period	2	-12	2	-12
Deferred tax relating to untaxed reserves	-48	-4	-	-
Deferred tax pension claim	-3	-82	-	-
Deferred tax in the statement of earnings	-49	-98	2	-12

	Group		Parent Company	
	2009	2008	2009	2008
<i>Deferred tax liabilities</i>				
Deferred tax – pension claim	371	368	-	-
Deferred tax – real estate	5	5	5	5
Deferred tax – condominiums	0	2	0	2
Deferred tax – untaxed reserves	241	233	-	-
Total deferred tax liabilities	617	608	5	7

	Group		Parent Company	
	2009	2008	2009	2008
At the start of the year	608	510	7	-5
Recognised in the statement of earnings	49	98	-2	12
Of which, deferred tax – assets held for sale	-40	-	-	-
At year-end	617	608	5	7

NOTE 12 EARNINGS PER SHARE

	Group	
	2009	2008
Net earnings for the year (SEK m)	532	711
Number of shares	175,000	175,000
Earnings per share (SEK)	3,040	4,063

There is no dilution effect.

NOTE 13 ASSETS HELD FOR SALE

	2009
Intangible assets	132
Tangible fixed assets	231
Financial fixed assets	6
Inventories	940
Accounts receivable	2,008
Tax assets	9
Other receivables	237
Prepaid expenses and accrued income	73
Assets held for sale	3,636
Deferred tax	40
Accounts payable	1,680
Other current liabilities	137
Accrued expenses and prepaid income	168
Liabilities attributable to assets held for sale	2,025
Net amount for assets held for sale	1,611

On 29 April 2009, the Swedish Parliament enacted a bill on the reregulation of the pharmacy market, which entails that Apoteket AB's sole rights to the retailing of pharmaceuticals was replaced on 1 July 2009 by a market that is exposed to competition. To create the best possible conditions for a well-functioning pharmacy market subject to competition, it was decided that Apoteket AB would have to divest 615 pharmacies.

To facilitate and optimise the process of selling the pharmacies covered by the decision to sell, Apoteket AB formed nine wholly owned subsidiaries. By means of agreements concerning the transfer of net assets, which were concluded between Apoteket AB and the various subsidiaries, the pharmacy operations were subsequently transferred.

Apoteket Omstrukturering AB selected the pharmacies that were put up for sale, based on the aim of creating conditions for efficient competition throughout Sweden. The selection criteria included geographic spread, size, type of pharmacy, profitability and rational operating units.

On 9 November 2009, it was announced that Apoteket AB had concluded share-transfer with four parties pertaining to the sale of eight of the subsidiaries, corresponding to a total of 465 pharmacies that had been up for sale. The total sales price was SEK 5.9 billion. The acquisitions have been approved by the competition authorities and all of the buyers have obtained permits from The Medical Products Agency.

An additional 150 pharmacies have been spun off to a newly formed subsidiary, Apoteksgruppen i Sverige AB, which is building up a chain of pharmacies for small businesses. During the first quarter of 2010, the subsidiary is being transferred to Apoteket's Parent Company, Apoteket Omstrukturering AB.

At 31 December, the total asset value of the assets held for sale which have been allocated to the subsidiaries was SEK 3,636 m, as shown in the table above. At 31 December, the liabilities that are attributable to assets held for sale amounted to SEK 2,025 m, as shown in the table above.

NOTE 14 INTANGIBLE ASSETS

Intangible assets are categorised in three groups: development work, rental contracts and other intangible assets. In the development work category, capitalised development expenses are recognised. As of 31 December 2009, the category includes capitalised expenditures for a platform for e-commerce operations, an IT system at Apoteket's Customer Centre and order and stock systems at the distance pharmacy. Investments in development work during the year amounted to SEK 217 m and mainly comprised investments in the subsidiary ProDur AB, which in the consolidated financial statements is treated as an acquisition of an intangible asset. In December 2009, ProDur AB, including the associated development work, was spun off to the Parent Company.

In the rental contracts category, capitalised expenditure is recognised for the acquisition of rental contracts, and these relate to premises located in strategic areas.

The category of other intangible assets includes interior fittings in property belonging to third parties, which were reclassified from tangible assets in connection with the net-asset transfer to subsidiaries that are for sale.

Determination of any impairment requirements for intangible assets was performed according to IAS 36, whereby the estimated recoverable value was compared with the carrying amount for each intangible asset. Regarding the valuation of intangible assets, Apoteket has assessed that an impairment requirement of SEK 263 m is needed. The impairment loss mainly comprises an impairment of investments in subsidiaries, which in the consolidated financial statements is treated as an impairment of an intangible asset and related development expenditure.

Group	Development work		Rental contracts		Other intangible assets		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated acquisition value at the beginning of the year	331	224	24	21	–	–	355	245
Investments	217	83	3	3	–	–	220	86
Disposals/Retirements	-171	–	0	–	–	–	-171	–
Transfer from tangible fixed assets	–	24	–	–	339	–	339	24
Dividend to Parent Company ¹⁾	-241	–	–	–	–	–	-241	–
Reclassification of assets held for sale	–	–	-4	–	-339	–	-343	–
Accumulated acquisition value at the end of the year	136	331	23	24	–	–	159	355
Accumulated amortisation at the beginning of the year	-160	-125	-10	-5	–	–	-170	-130
Amortisation for the year according to plan	-16	-22	-5	-5	-5	–	-26	-27
Disposals/Retirements	131	–	–	–	–	–	131	–
Transfer from tangible fixed assets	–	-13	–	–	-204	–	-204	-13
Reclassification of assets held for sale	–	–	2	–	209	–	211	–
Accumulated amortisation at the end of the year	-45	-160	-13	-10	–	–	-58	-170
Accumulated impairment losses at the beginning of the year	-30	-15	–	–	–	–	-30	-15
Impairment for the year	-263	-15	–	–	–	–	-263	-15
Dividend to Parent Company ¹⁾	241	–	–	–	–	–	241	–
Accumulated impairment losses at the end of the year	-52	-30	–	–	–	–	-52	-30
Residual value at the end of year according to plan	39	141	10	14	–	–	49	155

¹⁾ Pertains to the spin-off of ProDur AB and related development work.

Parent Company	Development work		Rental contracts		Total	
	2009	2008	2009	2008	2009	2008
Accumulated acquisition value at the beginning of the year	299	215	23	21	322	236
Investments	26	84	1	2	27	86
Accumulated acquisition value of assets sold to/acquired from Group companies	9	–	-3	–	6	–
Disposals/Retirements	-170	–	–	–	-170	–
Dividend to Parent Company ¹⁾	-57	–	–	–	-57	–
Accumulated acquisition value at the end of the year	107	299	21	23	128	322
Accumulated amortisation at the beginning of the year	-145	-125	-10	-5	-155	-130
Amortisation for the year according to plan	-13	-20	-5	-5	-18	-25
Accumulated amortisation of assets sold to/acquired from Group companies	-4	–	2	–	-2	–
Disposals/Retirements	131	–	–	–	131	–
Accumulated amortisation at the end of the year	-31	-145	-13	-10	-44	-155
Accumulated impairment losses at the beginning of the year	-30	-15	–	–	-30	-15
Impairment for the year	-79	-15	–	–	-79	-15
Dividend to Parent Company ¹⁾	57	–	–	–	57	–
Accumulated impairment losses at the end of the year	-52	-30	–	–	-52	-30
Residual value at the end of year according to plan	24	124	8	13	32	137

¹⁾ Pertains to the spin-off of ProDur AB and related development work.

NOTE 15 TANGIBLE FIXED ASSETS

Group	Buildings, land and land improvements		Equipment		Construction in progress		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated acquisition values at the beginning of the year	488	479	2,868	2,838	0	9	3,356	3,326
New acquisitions	2	0	135	158	0	0	137	158
Disposals/Retirements	0	-	-93	-104	-	-	-93	-104
Transfers	-	9	-	-	0	-9	-	-
Transfer to intangible assets	-	-	-339	-24	-	-	-339	-24
Reclassification of assets held for sale	-	-	-810	-	-	-	-810	-
Accumulated acquisition values at the end of the year	490	488	1,761	2,868	0	0	2,251	3,356
Accumulated depreciation at the beginning of the year	-260	-246	-1,943	-1,801	-	-	-2,203	-2,047
Disposals/Retirements	0	-	81	92	-	-	81	92
Depreciation for the year according to plan	-14	-14	-205	-243	-	-	-219	-257
Impairment for the year	-	-	-	-4	-	-	-	-4
Transfer to intangible assets	-	-	204	13	-	-	204	13
Reclassification of assets held for sale	-	-	579	-	-	-	579	-
Accumulated depreciation at the end of the year	-274	-260	-1,284	-1,943	-	-	-1,558	-2,203
Residual value according to plan at the end of the year	216	228	477	925	0	0	693	1,153
Carrying amount, buildings	204	216	-	-	-	-	204	216
Carrying amount, land and land improvements	12	12	-	-	-	-	12	12
Taxable value, buildings	117	117	-	-	-	-	117	117
Taxable value, land	31	31	-	-	-	-	31	31
Parent Company	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated acquisition values at the beginning of the year	446	437	2,464	2,835	0	9	2,910	3,281
New acquisitions	2	0	94	145	0	0	96	145
Accumulated acquisition value transferred to subsidiaries	-	-	-1,136	-419	-	-	-1,136	-419
Disposals/Retirements	0	-	-83	-97	-	-	-83	-97
Transfers	-	9	-	-	0	-9	0	-
Accumulated acquisition values at the end of the year	448	446	1,339	2,464	0	0	1,787	2,910
Accumulated depreciation at the beginning of the year	-250	-238	-1,616	-1,798	-	-	-1,866	-2,036
Accumulated depreciation of assets sold to subsidiaries	-	-	762	333	-	-	762	333
Disposals/Retirements	0	-	72	86	-	-	72	86
Depreciation according to plan for the year	-13	-12	-160	-233	-	-	-173	-245
Impairment for the year	-	-	-	-4	-	-	-	-4
Accumulated depreciation at the end of the year	-263	-250	-942	-1,616	-	-	-1,205	-1,866
Residual value according to plan at the end of the year	185	196	397	848	0	0	582	1,044
Carrying amount, buildings	175	186	-	-	-	-	175	186
Carrying amount, land and land improvements	10	10	-	-	-	-	10	10
Taxable value, buildings	106	106	-	-	-	-	106	106
Taxable value, land	30	30	-	-	-	-	30	30

NOTE 16 HOLDINGS IN ASSOCIATED COMPANIES

	Group		Parent Company	
	2009	2008	2009	2008
At the start of the year	37	28	18	9
New acquisitions during the year	-	9	-	9
Transfers to shares in subsidiaries	-9	-	-9	-
Share in earnings/loss ¹⁾	-1	0	-	-
At year-end	27	37	9	18

¹⁾ Share in earnings/loss is specified after taxes.

Note 16, continued

Group holdings in associated companies

2008	Assets	Liabilities	Income	Earnings/loss
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	0	0
Fastighets AB Högberga 556449-1677, Stockholm	26	5	9	0
ProDur AB 556734-6407, Stockholm	12	0	0	0
Total	45	7	9	0
2009				
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	1	0
Fastighets AB Högberga 556449-1677, Stockholm	25	7	8	-1
Total	32	9	9	-1

Specification of Group holdings in associated companies

	Holding	Holding in %	Carrying amount
Kårhuset Pharmen AB 556043-3277, Uppsala	27 000	45,0	9
Fastighets AB Högberga 556449-1677, Stockholm	18 750	37,5	18

Specification of Parent Company holdings in associated companies

	Holding	Holding in %	Carrying amount
Kårhuset Pharmen AB 556043-3277, Uppsala	27 000	45,0	9

NOTE 17 PENSION ASSETS IN THE GROUP

Most employees of Apoteket AB and subsidiaries are covered by the ITP plan, excluding certain transferred groups for which pensions continue to be vested according to Apoteket's pension plan. For employees born before 1979, pensions are vested in defined-benefit pension plans in accordance with ITP2 and employees born after 1979 are covered by ITP1 – the defined-contribution part of the ITP plan. The subsidiaries formed by Apoteket AB on assignment from the Parent Company, Apoteket Omstrukturering AB, as a feature of the process of selling pharmacies, were affiliated to this plan as of 1 July 2009. The earnings from the defined-benefit retirement pension, for employees within the Apoteket Group, are secured through Apoteket AB and its subsidiaries' pension foundation. Retirement pensions for ITP2, for the employees in Apoteket Produktion & Laboratorier AB and Institutet för Hälso- och sjukvårdsekonomi AB (The Swedish Institute for Health Economics), are insured with Alecta. With regard to the insurance-secured ITP, Alecta has stated that it lacks sufficient

information for defined-benefit accounting. For this reason, the ITP plan is being recognised as a defined-contribution plan. In 2008, Apoteket concluded a new pension agreement with the trade union associations, entailing, among other consequences, that the so-called Apoteket Plan was to be replaced by ITP and that Apoteket would annually make decisions concerning the indexing of accrued pensions and pension payments for those not covered by ITP.

In this connection, Apoteket appointed a new external actuary. During the actuarial calculation for 2009, it was concluded that the present value of funded obligations at 31 December 2008 was too high. Accordingly, in the comparative figures in the note below, the present value of the obligation and of unrecognised actuarial losses has been adjusted by SEK 1,165 m. Since Apoteket applies the corridor method, this adjustment had no impact on the Group's reported financial position and only an immaterial impact on reported earnings.

Pension benefits

The amounts recognised in the balance sheet have been calculated as follows:

	2009	2008
Present value of funded obligations	-7,322	-6,978
Fair value of plan assets	9,268	6,641
Pension obligations less plan assets	1,946	-337
Unrecognised actuarial losses (+)/gains (-)	-810	1,462
Recognised receivable excluding special employers' contribution	1,136	1,125
Special employer's contribution	276	273
Receivable recognised in the balance sheet	1,412	1,398

The amounts recognised in the statement of earnings are as follows:

	2009	2008
Costs relating to employment in the current year	-169	-211
Cost early retirement pensions	-35	-14
Benefits earned in previous periods	-	44
Actuarial gain, redemption of sickness pension	-	13
Interest expense	-273	-301
Reduction of pension obligation	52	-
Actuarial gain/loss during the year	-60	-
Expected return on plan assets	372	475
Total cost of defined-benefit plans	-113	6
Cost of defined-contribution plans	-159	-122
Special employer's contribution	-66	-28
Total pension cost	-338	-144

The actual return on the plan assets amounted to SEK 2,147 m (neg: 1,865).

Note 17, continued

The principal actuarial assumptions used were as follows:

	2009	2008
Discount rate	3.95%	3.95%
Expected return on plan assets	5.60%	5.60%
Future salary increases	3.30%	3.30%
Increased basic amount	2.00%	2.00%
Staff turnover	3.50%	3.50%
Average remaining length of service:	16 years	16 years

The discount rate is linked to the estimated term of obligations and has been determined taking into account the market return on first-class Government bonds.

- The increased basic amount is a measure of the inflation assumption. It reflects the trend in the consumer price index (CPI) and is used by Apoteket for indexation of the pension base.
- The expected salary increase reflects future expected percentage salary increases, taking into account expected future inflation (see the increased basic amount).
- Staff turnover is based on historical facts and on expected future staff turnover.

Accounting principle for actuarial gains and losses

Changes due to changed assumptions for calculating the present value of pension obligations for each specific fiscal year are recognised in the corridor, which is defined as 10% of the highest value of the pension obligation, alternatively, of the plan assets for actuarial gains and losses, and which, accordingly, may not affect the statement of earnings. As of 31 December 2009, the actuarial gain amounted to SEK 810 m.

Specification of changes in defined-benefit pension plans and plan assets:

	2009	2008
<i>Specification of changes in defined-benefit pension obligations</i>		
Present value of obligation at the beginning of the year	6,978	7,218
Cost of newly earned pension rights	169	211
Cost early retirement pensions	35	14
Interest expense	273	301
Benefits earned in previous periods	–	–44
Actuarial gain, redemption of sickness pension	–	–13
Reduction of pension plan	–52	–
Benefits paid out	–275	–285
Actuarial loss (+)/gain (–) on obligation	194	–424
Present value of obligation at the end of the year	7,322	6,978
<i>Specification of change of plan assets</i>		
Plan assets at the beginning of the year	6,641	8,492
Expected return on plan assets	372	475
Funds provided by the employer	–	14
Compensation from Apoteket's pension foundation	–150	–
Actuarial loss (+)/gain (–) on plan assets	2,405	–2,340
Plan assets at the end of the year	9,268	6,641

The plan assets consist mainly of shares and interest-bearing securities with the following market values at the end of the reporting period:

Type of asset	2009	2008
Shares and similar financial instruments	5,520	3,396
Interest-bearing securities etc	3,902	3,262
Other current liabilities	–154	–17
Total	9,268	6,641

Note 17, continued

Surplus and experience-based adjustments to liability/asset:

	2009	2008	2007	2006
Present value defined-benefit obligations	-7,322	-6,978	-7,218	-7,438
Plan assets	9,268	6,641	8,492	8,393
Deficit/surplus	1,946	-337	1,274	955
Experience-based adjustments to the obligation	194	-424	23	-86
Experience-based adjustments to the plan assets	2,405	-2,340	-285	402

The Group anticipates a net cash flow in 2010 relating to defined-benefit plans amounting to SEK 300 m. The expected return on plan assets is based on the existing composition of the investment portfolio.

The commitments for retirement and family pensions for salaried employees in Sweden are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Council, recommendation UFR 3, this is a defined-benefit plan that covers several employers. For financial years for which the company has not had access to information enabling this plan to be recognised as a defined-benefit plan, a pension plan according to ITP, which is secured through insurance with Alecta, has to be recognised as a defined-contribution plan. The year's contributions for pension insurance taken out with Alecta amounted to SEK 145 m (99). The considerable increase in pension contributions taken out with Alecta is due to parts of Apoteket's pension obligations being transferred from defined-contribution pensions to defined-benefit pensions. At year-end 2009, Alecta's surplus, in the form of the collective consolidation rate, was 141% (112). The collective consolidation

rate comprises the market value of Alecta's assets expressed as a percentage of the insurance commitments, calculated according to Alecta's actuarial computation assumptions, which do not comply with IAS 19.

Pension Foundation's management of assets

Since the size of Apoteket's pension liability results from such factors as the interest-rate situation, inflation and real wage developments in Sweden, investment activities in Apoteket's pension fund will be exposed to assets that reflect the characteristics of the pension liability.

In view of the above, the Pension Foundation's Board of Directors has adopted an investment orientation, whereby a portion of the capital is to be invested in interest-bearing assets issued by the Swedish state or other lenders with a high credit rating. In addition, investments are to be made in shares with a main focus on the Swedish market.

The overall objective is to diversify the managed capital in terms of both nominal and real assets and thus reduce the risk, while achieving a favourable long-term return.

NOTE 18 INVENTORIES

	Group		Parent Company	
	2009	2008	2009	2008
Raw materials and supplies	39	35	5	7
Work in progress	6	10	0	0
Finished goods at acquisition value	20	10	0	0
Goods for resale at acquisition value	1,008	1,944	775	1,395
Total	1,073	1,999	780	1,402

The expenditure for expensed inventories is included in goods for resale and amounted to SEK 34,172 m (33,263) in the Group and SEK 20,104 m (28,882) in the Parent Company.

NOTE 19 OTHER RECEIVABLES

	Group		Parent Company	
	2009	2008	2009	2008
VAT receivable	348	617	199	472
Receivable from Apoteket's pension foundation	150	-	150	-
Other receivables	53	71	40	46
Total	551	688	389	518

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2009	2008	2009	2008
Rents announced	83	152	64	133
Accrued income	5	5	5	4
Accrued expenses	148	-	147	-
Accrued suppliers' bonus	6	18	6	-
Other items	20	34	12	26
Total	262	209	234	163

NOTE 21 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2009	2008	2009	2008
Vacation pay reserves	195	351	138	292
Bonus to employees	16	20	14	16
Backdated salaries	10	31	7	30
Prepaid income	24	23	16	19
Accrued suppliers' invoices	68	32	60	25
Other items	17	13	4	9
Total	330	470	239	391

NOTE 22 OTHER PROVISIONS

	Group		Parent Company	
	2009	2008	2009	2008
At the start of the year	157	21	141	21
<i>Expensed in statement of earnings</i>				
Additional provisions	118	141	118	125
Reversed unutilised amounts	-10	0	-10	0
Utilised during the year	-105	-5	-93	-5
At year-end	160	157	156	141
Of which, long-term provision ¹⁾	51	72	51	69
Of which, short-term provision	109	85	105	72

¹⁾ Of the long-term provision, SEK 0 m (16) expires in the Group and in the Parent Company more than five years after the reporting period.

	Rents	Severance pay	Loss-making contracts	Total
At the start of the year	55	102	-	157
Additional provisions	17	43	58	118
Utilised during the year	-31	-74	-	-105
Reversed unutilised amounts	-10	-	-	-10
At year-end	31	71	58	160

As of 1 January 2009, reserved non-utilised rents amounted to SEK 55 m. These comprised reserved rental costs deriving from the decision, made in 2006, to close the dose dispensing pharmacy in Boden and rental costs for the previous decision to close down dose dispensing operations.

Additional provisions for rental costs during 2009 amounted to SEK 17 m and comprised rental costs pertaining to an adaptation of premises at Apoteket's Head Office in Stockholm.

Unutilised provisions pertaining to previously reserved rental costs amounted to SEK 31 m and related to costs for the closure of the distance pharmacies in Boden and Sollefteå. The distance pharmacy in Sollefteå was closed on 31 December 2008 and the distance pharmacy in Boden was closed on 1 July 2009.

As of 1 January 2009, reserved non-utilised severance pay amounted to SEK 102 m. This item pertains to personnel costs for the closure of the distance pharmacies in Sollefteå and Boden, costs for the closure of the Customer Centre in Uppsala, and personnel costs within Apoteket Produktion & Laboratorier AB.

Additional provisions for severance pay during 2009 amounted to SEK 43 m and comprised reserved personnel costs connected to downsizing of the workforce at Apoteket's Head Office in Stockholm.

During the year, unutilised prior provisions amounted to SEK 74 m and pertained to personnel costs for the distance pharmacies closed down in Sollefteå and Boden, as well as the Customer Centre in Uppsala.

Additional provisions during the year for loss-making contracts amounted to SEK 58 m and pertain to fees required to be paid in accordance with the business agreement, whereby the expenses for satisfying the obligations exceed the anticipated economic benefits. This primarily pertains to Apoteket's pharmacy representatives business.

Contingent liabilities

Apoteket AB signed guarantee commitments in connection with the transfer of rental agreements to the cluster of companies that were sold during the first quarter of 2010. The number of guarantee commitments is 66 and pertain to an amount of approximately SEK 132 m. The maturities of these guarantee commitments vary. The purchasers of the subsidiaries undertake to relieve Apoteket AB of its guarantee commitments. If this does not occur during the contractual period, Apoteket AB will receive compensation for the issue of guarantee commitments.

NOTE 23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Apoteket's financial risk management is governed by the Group's finance policy, which is adopted by Apoteket's Board of Directors. The finance policy encompasses guidelines for liquidity management, capital supply and financial risk management. The Group's overall risk management policy aims at minimising potential unfavourable effects on consolidated financial earnings. Financial management is centralised to a Group-wide function within the Parent Company, whose task is to capitalise on coordination gains, reduce earnings and cash-flow fluctuations and ensure favourable risk management. The subsidiaries and the Parent Company's operational units are responsible for identifying, reporting and following up the financial risks that arise in the operations.

Policy and principles for the management of financial risks

Objectives and principles applied for financial risk management

The objectives for financial risk management are to maintain good access to funds and an efficient use of capital, while securing capital supply. The principles applied for financial risk control are that:

- The financial risks that arise in the Group's operations will be maintained within established parameters in terms of credit risk, market risk and refinancing risk. A rule for all risk management is that speculative trading is not permissible.
- All credit granting must be based on commercial considerations that take into account both financing costs and risk. Credit will not be granted until a credit assessment of the borrower has been conducted.
- The Group's financial management and credit granting must be characterised by such organisation, including internal controls and reporting, so that the administrative risks are minimised.

Liquidity risk

Financing of temporary liquidity strains at the end of each month is to be managed by ensuring the existence of sufficient committed lines of credit.

Caution, in terms of the management of liquidity risk, involves having sufficient cash and cash equivalents and available financing through sufficient

committed lines of credit. Due to the dynamic nature of the underlying operations, Apoteket aims to maintain flexibility in its financing by maintaining agreements concerning lines of credit.

Interest rate risk

The Group's exposure to interest rate risk is essentially associated with its pension assets. The Pension Foundation strives for an investment of plan assets that offsets the risk associated with the value trend for the pension liability. Otherwise, short-term financial borrowing and investment is subject to a limited exposure to interest rate risk.

Currency risk

Since purchasing and sales essentially occur in SEK, currency exposure is limited.

Credit risk

The Group has no significant concentration of credit risks. There is an established policy for credit risk management.

Sales in the consumer market are paid for in cash or via the most commonly used credit cards. A part-payment system for private customers has been in use since 1997 and was previously subject to major credit losses. Since 28 November 2005, Apoteket has introduced a system of credit assessment for all newly added customers who apply for credit. This credit assessment is based on whether the customer has a record of non-payment of debt or a debt balance with the Enforcement Service. Checks are made in cases where the person is under 18 years of age, has a guardian, lacks an address, is resident abroad or has a protected identity. Customers who fail to pay their debts are blocked and denied continued credit after approximately two months from the date of payment default.

The county councils contribute to a considerable share of Apoteket's outstanding accounts receivable. The risk has been assessed as very low. The receivables are normally paid within the specified credit period.

Due dates for accounts receivable

	2009	2008	2007	2006
Past due date, but not impaired				
< 30 days	6	5	27	8
30–90 days	13	4	3	2
Past due date and impaired				
91–180 days	0	1	2	1
> 180 days	0	1	0	0
Total	19	11	32	11

The receivables may be regarded as doubtful when payment is more than 90 days overdue or when the information available leads to depreciation of the receivable.

Provision for doubtful receivables

The provision for doubtful receivables amounted to SEK 3 m (3) and has changed as follows:

	2009	2008	2007	2006
At the start of the year	3	4	3	4
Provision for anticipated losses	0	-1	1	-1
At year-end	3	3	4	3
Confirmed losses	7	6	6	9
Recovered bad debts	5	5	4	5

The year's cost for doubtful receivables amounted to SEK 7 m (6).

The percentage of doubtful receivables is calculated on the basis of an established model that has been tried and tested by Apoteket. Accordingly, the recognised amount provides a fair approximation of the fair value.

Fair value of financial instruments

The nominal amount less any assessed credit entries for accounts receivable and accounts payable is assumed to match the fair value. For the disclosures provided in the notes, the fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market interest rate that is available to the Group for similar financial instruments.

Note 23, continued

The table below shows the recognised and fair value per type of instrument:

Group	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets</i>				
Condominiums ¹⁾	3	3	5	5
Accounts receivable ²⁾	3,119	3,119	5,005	5,005
Cash and cash equivalents	766	766	1,010	1,010
Total	3,888	3,888	6,020	6,020
<i>Financial liabilities</i>				
Accounts payable ³⁾	2,445	2,445	3,972	3,972
Loan liabilities ⁴⁾	1,750	1,750	2,300	2,300
Total	4,195	4,195	6,272	6,272

¹⁾ Financial assets held for resale.

²⁾ When calculating the carrying amount of accounts receivable, the portion of the receivables that is regarded as uncertain is taken into account.

³⁾ The fair value of accounts payable is the same as the carrying amount.

⁴⁾ Liabilities to credit institutions, interest-bearing.

Financial assets held for resale	Group		Parent Company	
	2009	2008	2009	2008
At the start of the year	5	6	5	6
Purchases and sales, net	-3	-	-3	-
Revaluation, transferred to equity	1	-1	1	-1
At year-end	3	5	3	5

Financial assets held for resale consist of condominiums. Fair value has been determined by means of comparison with equivalent sold objects.

Financial liabilities to credit institutions	Group		Parent Company		Granted
	2009	2008	2009	2008	
Nordea	750	1,300	750	1,300	2,500
Certificates	1,000	1,000	1,000	1,000	1,500
Total utilised credit	1,750	2,300	1,750	2,300	4,000

The granted, unutilised overdraft facility amounts to SEK 100 m. Loan liabilities comprise overnight loans of SEK 750 m (1,300) carrying an interest rate of 1.30% (3.04) and a certificate of SEK 1,000 m (999) carrying an

interest rate of 0.42% (1.80). The maturity of the certificate is seven days. The carrying amount of loan liabilities provides a fair approximation of the fair value.

Interest income and interest expense on financial instruments

The table below shows the interest income and interest expense pertaining to all of Apoteket's financial assets and financial liabilities:

	Group		Parent Company	
	2009	2008	2009	2008
Interest income on financial assets	13	39	15	36
Interest expense on financial liabilities	-10	-20	-9	-26
Total	3	19	6	10

NOTE 24 AVERAGE NUMBER OF EMPLOYEES

	2009		2008	
	Average number of employees	of whom, men %	Average number of employees	of whom, men %
<i>Parent Company</i>				
Sweden	6,816	9.9	9,820	9.9
<i>Subsidiaries</i>				
Sweden	3,503	12.2	846	21.1
Group total ¹⁾	10,319	10.7	10,666	10.8

¹⁾ In connection with the formation of new subsidiaries on 1 July 2009, personnel were transferred from the Parent Company to the new subsidiaries.

Members of the Board and senior executives

Group	2009		2008	
	number	of whom, men %	number	of whom, men %
<i>Group</i>				
Members of the Board	44	50.5	48	45.8
President and other senior executives	27	40.7	30	43.3
<i>Parent Company</i>				
Members of the Board	9	33.3	13	30.8
President and other senior executives	10	40.0	7	42.9

Note 24, continued

Sickness absence

	Group		Parent Company	
	2009	2008	2009	2008
Total sickness absence as a percentage of total normal working hours	3.9	4.7	4.1	4.7
Sickness absence for women ¹⁾	4.1	5.0	4.3	5.0
Sickness absence for men ¹⁾	2.1	2.7	2.1	2.6
Sickness absence for those aged 29 and below ¹⁾	1.7	2.4	1.8	2.3
Sickness absence for those aged 30–49 ¹⁾	4.1	4.8	4.4	4.8
Sickness absence for those aged 50 and above ¹⁾	4.7	5.7	5.0	5.7

¹⁾ As a percentage of total normal working hours for each group.

	Group		Parent Company	
	2009	2008	2009	2008
Proportion of total sickness absence lasting for 60 days or more, %	1.4	2.1	1.6	2.1

NOTE 25 DIVESTED OPERATIONS

On July 1 2009, parts of the Parent Company's operations were transferred, by means of a transfer of net assets, to nine new subsidiaries in order

to facilitate the decided external sale. The assets and liabilities that were transferred are shown in the table below.

	2009
Fixed assets	380
Inventories	980
Other current assets	69
Cash and cash equivalents	17
Other current liabilities	-184
Net assets	1,262
Shareholders' contributions provided	-1,262
Divested operations' impact on cash flow	
Cash and cash equivalents in divested operations	17
Net change in cash	-17

NOTE 26 RELATED-PARTY TRANSACTIONS

Group companies

For the Parent Company, Group companies accounted for 0.8% (0.4) of purchases and 7.2% (3.2) of sales during the year. With regard to purchases and sales between Group companies, the same principles apply to pricing as to transactions with external parties.

The Swedish Government

Apoteket is wholly owned by the Swedish Government. Purchases and sales of products and services to and from Government authorities and companies take place on a commercial basis.

Other interest income and interest expense

Interest income includes SEK 2.5 m (3.5) pertaining to interest payments relating to Group companies. Interest expense includes SEK 2.0 m (8.7) pertaining to interest payments relating to Group companies.

Remuneration to senior executives

Remuneration to senior executives is presented in Note 9.

NOTE 27 PARENT COMPANY'S BREAKDOWN OF NET SALES BY BUSINESS SEGMENT

	2009	2008
Apoteket Consumer	21,296	30,763
Apoteket Distribution	4,129	4,330
Other Operations	1,156	648
Transactions between business segments	-1,025	-119
Total	25,556	35,622

The Consumer business segment includes all outpatient pharmacies. The Distribution business segment includes Apoteket's distance trading, IT operation, goods supply, all pharmacy representatives and veterinary

pharmacies. The Other Operations business segment includes central support and Group-wide functions.

NOTE 28 SHARE OF EARNINGS OF GROUP COMPANIES

	Parent Company	
	2009	2008
Group contributions	351	432
Dividends from subsidiaries	–	1
Results from the sale of shares in subsidiaries	–	3
Impairment loss on shares in the subsidiary ProDur AB	–183	–
Total	168	436

NOTE 29 APPROPRIATIONS

	Parent Company	
	2009	2008
Difference between book depreciation and straight-line depreciation		
– Buildings	4	4
– Equipment	82	54
– Interior fittings in property belonging to third parties	4	–4
Tax allocation reserve, provision for the year	–157	–165
Reversal of tax allocation reserve	54	74
Total	–13	–37

NOTE 30 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2009	2008
Accumulated acquisition value at the beginning of the year	395	91
Capital contribution to newly formed subsidiaries and new acquisitions	1,520	310
Divestments	–	–6
Impairment loss ¹⁾	–184	–
Distributed to Parent Company ²⁾	–87	–
Transfer from associated companies	9	–
Accumulated acquisition value at year-end	1,653	395

¹⁾ Impairment loss on shares in ProDur AB.

²⁾ Pertains to the spin-off of shares in the subsidiaries Apotekens Service AB and ProDur AB.

Specification of the Parent Company's holdings of shares and participations in Group companies:

Group companies/Reg. no./Registered office	Number	%	Carrying amount	
			2009	2008
Apoteket Farmaci AB 556758-1789, Stockholm	25,000	100	250	250
Apoteket Produktion & Laboratorier AB 556758-1805, Stockholm	10,000	100	55	55
Apotekens Service AB 556763-4778, Stockholm ¹⁾	100	100	–	5
IHE, Institutet för Hälso- och Sjukvårdsekonomi AB 556186-3498, Lund	5,000	100	3	3
Förvaltnings AB Tanken 556500-6953, Stockholm	1,000	100	0	0
Adara AB 556615-7367, Stockholm	1,000	100	65	65
Apoteket International AB 556606-4266, Stockholm ²⁾	1,000	100	10	10
Apoteket International Norway AS 993289396, Oslo ²⁾	100	100	0	0
Nordiska Apoteksservice AB 556629-4616, Stockholm	34,000	100	0	0
Pharmacy Company Sweden 1 AB 556773-8249, Stockholm	100,000	100	407	–
Pharmacy Company Sweden 2 AB 556773-3158, Stockholm	100,000	100	304	–
Pharmacy Company Sweden 3 AB 556773-3109, Stockholm	100,000	100	66	–
Pharmacy Company Sweden 4 AB 556773-4867, Stockholm	100,000	100	59	–
Pharmacy Company Sweden 5 AB 556773-4834, Stockholm	100,000	100	54	–
Pharmacy Company Sweden 6 AB 556773-4743, Stockholm	100,000	100	33	–
Pharmacy Company Sweden 7 AB 556773-2648, Stockholm	100,000	100	32	–
Pharmacy Company Sweden 8 AB 556773-3000, Stockholm	100,000	100	53	–
Pharmacy Company Sweden 9 AB 556773-4735, Stockholm	100,000	100	0	–
Apoteksgruppen i Sverige AB 556773-4156, Stockholm	100,000	100	255	–
<i>Dormant companies</i>				
Apoteksinformation AB 556043-0984, Stockholm	50,000	100	6	6
Sveriges Apotek AB 556197-7355, Stockholm	1,000	100	0	0
BD Bankdata AB 556309-7343, Stockholm	1,000	100	0	0
Apoteksbolaget AB 556459-6723, Stockholm	500	100	1	1
Total			1,653	395

¹⁾ As a result of a resolution passed at an Extraordinary General Meeting held on 30 June 2009, all of the shares in Apoteket Service AB were spun off.

²⁾ Apoteket International AB owns all shares in Apoteket International Norway AS, which was formed in 2008.

NOTE 31 DIVIDEND PER SHARE

At the Annual General Meeting on 13 April 2010, a cash dividend pertaining to 2009 of SEK 2,125.71 (1,354.28) per share, totalling SEK 372 m (237) will be recommended. The dividend will be recognised as a distribution of earnings. During 2009, dividends of SEK 324 m were paid to the owner. In

addition to the cash dividend of SEK 237 m, the dividend comprises SEK 40 m for the spin-off of the subsidiary Apotekens Service AB and SEK 47 m for the spin-off of the subsidiary ProDur AB.

NOTE 32 UNTAXED RESERVES

	Parent Company	
	2009	2008
Accumulated excess straight-line depreciation	109	199
Tax allocation reserves	763	660
Total	872	859
<i>Accumulated excess straight-line depreciation was distributed as follows:</i>		
Buildings and land improvements	27	31
Interior fittings in property belonging to third parties	–	4
Equipment	82	164
Total	109	199
<i>Tax allocation reserves were distributed as follows:</i>		
Tax allocation reserve, allocated at the assessment for 2004	–	54
Tax allocation reserve, allocated at the assessment for 2005	73	73
Tax allocation reserve, allocated at the assessment for 2006	95	95
Tax allocation reserve, allocated at the assessment for 2007	159	159
Tax allocation reserve, allocated at the assessment for 2008	115	115
Tax allocation reserve, allocated at the assessment for 2009	164	164
Tax allocation reserve, allocated at the assessment for 2010	157	–
Total	763	660

NOTE 33 PENSIONS IN THE PARENT COMPANY

Apoteket AB has a new pension agreement which entails that, as of 2008, most employees are connected to the ITP plan, excluding certain transferred groups which will continue to earn their pension in accordance with Apoteket's pension plan. A few members of the Group Executive Board are not covered by the ITP plan either. Retirement pensions, according to the ITP plan, are secured through Apoteket AB's pension foundation. As a result of the ITP connection, Apoteket AB pays premiums for sickness and family pensions, retirement pensions in accordance with ITP1 and supplementary retirement pensions for ITP2, so-called ITPK. Apoteket's pension

plan has only been changed insofar as matured pension benefits and accrued pensions are no longer index-linked. Instead, Apoteket makes a decision regarding the indexing of matured pensions and accrued pensions on an annual basis. Apoteket's pension plan includes, as before, retirement pensions, family pensions, sickness pensions and family cover, including special child pensions. In addition, there is a complementary retirement pension secured with Optimalia, the Apoteket Group's insurance association. The complementary retirement pension is classified as a defined-contribution plan.

	2009	2008
Capital value of pension commitments at start of period	–5,878	–8,181
Revenue/cost (excluding interest expense) charged to earnings	–545	2,360
Interest expense	–231	–342
Payment of pensions	302	285
Capital value of pension commitments at year-end	–6,352	–5,878

The following table shows the trend for detached assets managed by the Foundation:

Detached assets	2009	2008
Fair value of assets at start of period	6,641	8,492
Return on detached assets	2,777	–1,851
Payment from Pension Foundations	–150	–
Fair value of assets at year-end	9,268	6,641
Pension obligations minus plan assets	2009	2008
Capital value of pension commitments at year-end	–6,352	–5,878
Fair value of assets at year-end	9,268	6,641
Net reported for pension commitments (asset +/-liability –)	2,916	764
Liability/receivable recognised in the balance sheet	0	0

Note 33, continued

Specification pertaining to the year's total costs and income pertaining to pensions:

Pensions under own management	2009	2008
Revenue/cost (excluding interest expense) charged to earnings	-545	2,360
Interest expense	-231	-341
Return on detached assets	2,777	-1,851
Increase/decrease in surplus in detached assets	-2,152	-453
Cost of pensions under own management	-151	-285
Pensions through insurance	2009	2008
Insurance premiums	-90	-105
Reported pension cost	-241	-390
Special employer's contribution on pension costs	-59	-94

The plan assets consist mainly of shares and interest-bearing securities with the following market values at the end of the reporting period:

Type of asset	31 Dec 2009	Percentage
Shares and similar financial instruments	5,520	60%
Interest-bearing securities etc	3,902	40%
Other current liabilities	-154	-
Total	9,268	100%

The Parent Company anticipates that in 2010 the net cash flow relating to defined-benefit plans will be a negative SEK 300 m. The expected return on plan assets is based on the existing composition of the investment portfolio.

Interest rate assumptions

Apoteket AB's connection to the ITP plan largely involves a change in the application of the interest rate assumptions, partly as a result of Apoteket now safeguarding the newly matured retirement pension, ITP2, in Apoteket's pension foundation, and partly due to the indexation being removed for matured pensions and accrued pensions in accordance with Apoteket's pension plan. For newly matured defined-benefit retirement pensions, ITP2, including the pension rights vested through Apoteket's

pension plan for these employees, the Pension and Registration Institute's (PRI's) interest rate assumption at 4.0% applies. The reason why PRI's interest rate assumption also applies for this matured pension right is that the assumption can be compared with an ITP commitment.

For newly matured pensions until retirement, as per Apoteket's pension plan, the Swedish Financial Supervisory Authority's FFFS 2007:24 provision, concerning actuarial grounds, applies. This provision specifies the grounds for securing pension obligations that are to be used to calculate capital values for securing pension obligations that are not secured by life assurance companies or retirement pension funds. For other matured pensions and accrued pensions according to Apoteket's pension plan, an interest rate applies for the commitments, implying a pledge for future values or indexing at 3.5%.

NOTE 34 EVENTS AFTER THE REPORTING DATE

After the reporting period, the sale of six of the subsidiaries and their pharmacies was completed.

As of 15 January 2010, the shares in three subsidiaries were transferred to Medstop Holding AB.

As of 5 February 2010, the shares in two subsidiaries were transferred to ApoPharm AB (Apotek Hjärtat).

As of 19 February 2010, the shares in one subsidiary were transferred to Kronans Droghandel Retail AB.

Apoteket's Board decided to seek a new President and, thus, Stefan Carlsson will leave Apoteket AB during August 2010.

Two members of Apoteket's Executive Group Board, Per Matses (CFO) and Johan Wallér (Group Coordination Manager) will leave the company during the first half of 2010.

Proposed distribution of earnings

The following earnings and unrestricted funds are at the disposal of the Annual General Meeting

Fair value reserve	SEK	1,819,260
Retained earnings	SEK	1,436,410,373
Earnings for the year	SEK	249,826,897
Total SEK		1,688,056,530

BOARD OF DIRECTORS' STATEMENT REGARDING THE PROPOSED DIVIDEND

The Board of Directors considers that the proposed dividend is justifiable on the basis of the Parent Company's and the Group's consolidation needs, liquidity and position in general, and is compatible with the owner's requirements and expectations.

The Board of Directors proposes that the available earnings be distributed as follows:

Dividend to the shareholder of SEK 2,125.71 per share, total	SEK	372,000,000
To be carried forward	SEK	1,316,056,530
Total		1,688,056,530

The dividend approved by the Annual General Meeting will be paid by 12 May 2010.

The undersigned declare that the consolidated and annual financial statements have been prepared in accordance with IFRS, as adopted by the EU and generally accepted accounting principles, and provide a true and fair view of the Group's and Parent Company's position and

performance, and that the Administration Report provides an accurate overview of the development of the Group's and the Parent Company's operations, position and performance and describes significant risks and uncertainties faced by the companies included in the Group.

The statement of earnings and balance sheets will be adopted at the Annual General Meeting on 13 April 2010.

Stockholm, 25 February 2010

Christian W Jansson

CHAIRMAN OF THE BOARD

Lars-Johan Jarnheimer

MEMBER OF THE BOARD

Gert Karnberger

MEMBER OF THE BOARD

Kristina Schauman

MEMBER OF THE BOARD

Elisabet Wenzlaff

MEMBER OF THE BOARD

Carin Sällström-Nilsson

EMPLOYEE REPRESENTATIVE

Carina Jansson

EMPLOYEE REPRESENTATIVE

Stefan Carlsson

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Our auditors' report was submitted on 26 February 2010.

Ernst & Young AB

Erik Åström

AUTHORISED PUBLIC ACCOUNTANT

Lars Nordstrand

AUTHORISED PUBLIC ACCOUNTANT

Appointed by the National Audit Office

My review report was submitted on 26 February 2010.

Lars Elinderson

MEMBER OF THE RIKSDAG

Auditors' report

Submitted to the annual meeting of Apoteket AB (publ.), reg. no. 556138-6532

We have audited the annual accounts, the consolidated financial statements and the accounting records and the administration of the Board of Directors and the President of Apoteket AB (publ.) for the financial year 2009. The company's annual accounts and consolidated financial statements are included in this document on pages 6–55. The Board and the President have responsibility for the financial statements and the administration of the company, for the application of the Annual Accounts Act when preparing the annual accounts and for the application of IFRS international reporting standards (as adopted by the EU and the Annual Accounts Act) when preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit with high but not absolute certainty so that the annual

accounts and consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the 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 Member of the Board or the President. We also examined whether any Member of the Board or the President, 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 thus give a true and fair view of the results and financial position of the company in accordance with generally accepted accounting standards in Sweden. The consolidated financial statements have been prepared in accordance with the IFRS as adopted by the EU and the Annual Accounts Act and thus give a true and fair view of the results and financial position of the Group. The Administration Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the statements of earnings and balance sheets of the Parent Company and the Group be adopted by the Annual General Meeting, that the earnings of the Parent Company be dealt with in accordance with the proposal in the Administration Report, and that the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 26 February 2010

Ernst & Young AB

Erik Åström

AUTHORISED PUBLIC ACCOUNTANT

Lars Nordstrand

AUTHORISED PUBLIC ACCOUNTANT

Appointed by the National Audit Office

Review report

Submitted to the annual meeting of Apoteket AB (publ.), reg. no. 556138-6532

I have reviewed the business of Apoteket AB for the financial year 2009. My review was conducted in accordance with the Swedish Companies Act and generally accepted auditing standards.

I reviewed significant decisions, actions taken and circumstances of the company in order to be able to determine whether the

business has been managed in an appropriate and financially satisfactory manner and that the company's internal control is adequate. I also reviewed whether the company, its management and Board of Directors are observing the guidelines stipulated by the Government for Apoteket AB in particular and for state-owned companies generally.

I consider that my review provides me with a reasonable basis for the following statement. I am of the opinion that the business of the company has been managed in an appropriate manner and that its internal control has been adequate.

All in all, my review has not indicated any circumstances which give rise for comment.

Stockholm, 26 February 2010

Lars Elinderson

MEMBER OF THE RIKSDAG

Corporate governance report

APOTEKET

Since July 2008, Apoteket Aktiebolag (publ) has been a wholly owned subsidiary of Apoteket Omstrukturering AB, which in turn is owned by the Swedish Government.

CORPORATE GOVERNANCE

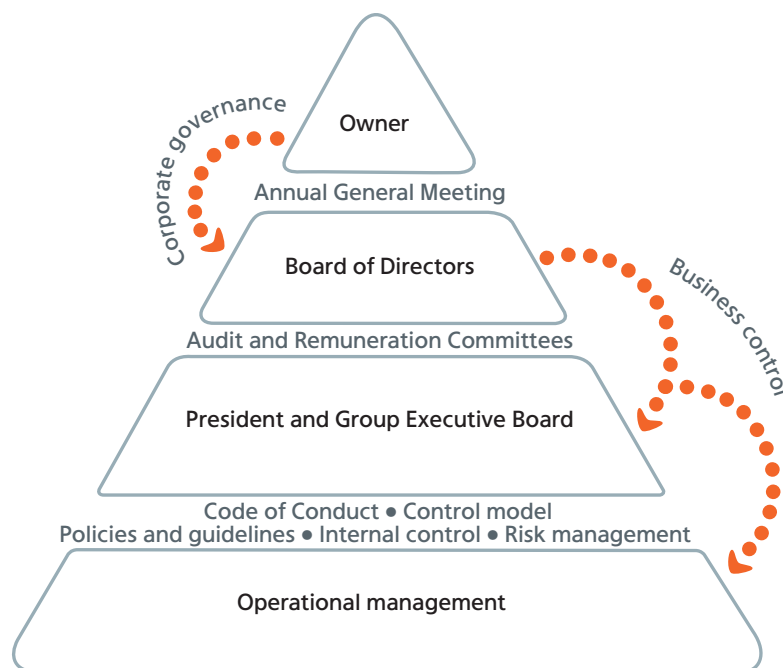
Apoteket's corporate governance is based on Swedish law and applicable Swedish and international rules. It also follows the Government's ownership policy as well as owner's directive and guidelines issued by the Government. Apoteket has adapted its corporate governance to the Swedish Code of Corporate Governance ("the Code"), which also constitutes part of the Government's ownership policy. The ownership policy also includes guidelines for external financial reporting and terms of employment for senior executives. Furthermore, the ownership policy specifies the owner's requirements concerning a number of policy issues whereby companies under Government ownership have a duty to set a good example in such areas as gender equality, the environment, diversity and the work environment.

Deviations from the Code and the Government's ownership policy and guidelines are reported as applicable in each section and in the table on page 58. The Corporate Governance Report has not been examined by the auditors.

OPERATIONS

Apoteket shall conduct its operations in such a way as to promote effective supply of drugs in Sweden. Apoteket's mission is specified in the business agreement with the Government (SFS 2009:905).

Apoteket's monopoly to sell pharmaceuticals ceased on 1 July 2009, when it became permissible for other parties to operate pharmacies. Sales of nonprescription drugs outside pharmacies became permissible on 1 November 2009.



OWNERSHIP AND MANAGEMENT

Apoteket is owned by the Government via Apoteket Omstrukturering AB, and the Ministry of Health and Social Affairs has the ultimate responsibility.

General meetings

A company owned by the Government must hold its Annual General Meeting (AGM) no later than 30 April each year. Apoteket's AGM was held on 17 April 2009.

The AGM appoints the members and the Chairman of the Board and adopts the statements of earnings and balance sheets. It also deals with matters that are the concern of the AGM under the Swedish Companies Act, the Articles of Association and the Government's ownership policy, such as adoption of the Sustainability Report.

Apoteket held twelve Extraordinary General Meetings during the year, and at an Extraordinary General Meeting on 7 October 2009, a new Board of Directors was elected.

The minutes of Apoteket's AGM are available on Apoteket's website apoteket.se. Minutes from other general meetings in

2009 have not been published on the website, since they contain confidential information pertaining to the restructuring of Apoteket, including sales of pharmacies.

Apoteket's 2009 AGM was open to members of the Riksdag (the Swedish Parliament) and members of the general public. In preparation for the sale of pharmacies, Apoteket's Articles of Association were amended, and it is no longer possible for members of the Riksdag and the general public to attend Apoteket's general meetings, unless otherwise specified.

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's organisation and administration of the company's affairs. The Board of Directors approves annual rules of procedure, which regulate such matters as the frequency of meetings, main items at scheduled meetings and the division of responsibilities between the Board and the President.

Nomination process

The process for nominating Board mem-

DEVIATIONS FROM THE REGULATIONS IN THE CODE IN 2009

Code rule	Deviation	Explanation
Nomination Committee (1.4.2)	The Nomination Committee was replaced by the owner's nomination process.	Nomination of the Chairman of the AGM, Board members and auditors takes place according to the principles described in the Government's ownership policy and replace the Code's rules regarding the Nomination Committee.
Minutes (1.7)	Only minutes from the AGM were made available on Apoteket's website.	In view of the sales process, Extraordinary General Meetings and minutes were not published.
Independence in relation to principal owners (4.4)	Not reported.	In companies wholly owned by the Government there is no reason to report independence in this regard.
Evaluation of the Board of Directors (8.1)	Not performed.	In view of the fact that a new Board of Directors was elected in October, no evaluation was performed.
The Audit Committee shall consist of at least three members (10.1)	The Audit Committee consists of two members.	In view of the number of Board members elected by a general meeting, two members were considered sufficient.
Government ownership policy	Deviation	Explanation
Guidelines for external reporting	The third quarter report was published after 30 October.	Due to a high work load in conjunction with divestment of pharmacies, the third quarter report was published on 16 November after reconciliation with the owner.
Guidelines for terms of employment for senior executives	Apoteket introduced variable compensation, a stay-on bonus, for a few persons within the Group, some of whom are senior executives.	The agreements were concluded in accordance with the previous guidelines and were not renegotiated after new guidelines were approved in April 2009. The agreements concluded in 2008 were based on ensuring fulfilment of the company's assignment of securing reliable and adequate supplies of drugs and contributing to reregulation of the pharmacy market.
Guidelines for terms of employment for senior executives	A senior executive has a retirement age less than 62.	The agreement was concluded in accordance with previous guidelines and was not renegotiated after new guidelines were approved in April 2009.

bers and auditors complies with the principles described in the Government's ownership policy, which replace the rules of the Code regarding the Nomination Committee. The nomination process for Board members is managed and coordinated by the Government ownership unit at the Ministry of Enterprise, Energy and Communications. A working group analyses the need for expertise on the basis of the composition of the Board and the activities and situation of the company. Any recruitment requirements are then established and recruitment work initiated. Members are selected from a broad recruitment base. When the process has been completed, the nominations are published in accordance with the guidelines of the Code.

The responsibility for the appointment of auditors in state-owned companies rests with the owner. The Swedish National Audit Office has appointed an auditor and a deputy auditor for the company. According to Apoteket's

Articles of Association, a Lay Auditor and Deputy Lay Auditor must also be appointed by the AGM.

Board composition

At the AGM held on 17 April 2009, the following Board members were reappointed: Per Båtelson (who was also appointed the Chairman of the Board), Sven-Olof Bodenfors, Eva Eriksson, Catarina Fritz, Karin Kronstam, Peter Lagerblad and Kia Orback-Pettersson. Henrik Lundström was newly elected.

The employee representatives were appointed by the Swedish Association of Technical Pharmacy Employees and the Swedish Pharmaceutical Association. The Swedish Association of Technical Pharmacy Employees appointed Carina Jansson as an ordinary member with Gunilla Andersson as a deputy. The Pharmaceutical Association appointed Anna Sundgren as an ordinary member with Camilla Felton as a deputy.

A new Board was elected at an Extraordinary General Meeting on 7 October 2009. The meeting elected Christian W Jansson, Lars-Johan Jarnheimer, Elisabet Wenzlaff, Gert Karnberger and Kristina Schauman without deputies. The meeting elected Christian W Jansson as Chairman of the Board.

The owner's motivation for the new Board of Directors indicates that the profiles that are deemed of vital importance include expertise in retail sales, restructuring/change, financial and legal issues. The composition of the new Board of Directors creates favourable prerequisites for enabling the company to fulfil its assignment to ensure reliable and adequate drug supplies during the period of reregulation, to contribute to reregulation and to prepare the company for the new market situation. The owner considers that the new Board meets the requirements that can be placed on a company with these operations.

Carina Jansson continued as ordinary representative of the Swedish Association of Technical Pharmacy Employees and Gunilla Larsson was appointed deputy for the same organisation. The Swedish Pharmaceutical Association appointed Carin Sällström-Nilsson as ordinary member with Malin Jonsson as deputy.

The Board of Directors thus consists of five members elected by the AGM and two ordinary and two deputy members appointed by employee organisations.

The Board established from among its members an Audit Committee and a Remuneration Committee with two members on each committee.

The Board members are presented in greater detail on pages 62–63.

The position of the Board members

The members appointed by the owner are considered to be independent of the company and company management. None of the members or deputy members or any of their relatives has any financial instruments in the company.

The Government's ownership policy stipulates that nominations to the Board should be made public according to the guidelines of the Code, with the excep-

THE BOARD OF DIRECTORS' COMPOSITION, NUMBER OF MEETINGS ATTENDED AND FEES

Amounts in SEK 000s 2009	Elected, year	Board meetings	Number of meetings of the Audit Committee	Number of meetings of the Remuneration Committee	Ordinary fee	Fee for committee work
Per Båtelson (Chairman) ¹⁾	2006	18/23		3/3	213	–
Sven-Olof Bodenfors ²⁾	2006	17/23			108	–
Eva Eriksson ³⁾	2001	15/23		3/3	108	–
Catarina Fritz ⁴⁾	2008	18/23	3/8		108	13
Karin Kronstam ⁵⁾	2006	18/23	5/8		108	38
Peter Lagerblad ⁶⁾	2002	15/23	2/8		108	6
Carola Lemne ⁷⁾	2004	4/23			33	–
Kia Orback Pettersson ²⁾	2006	18/23			108	–
Anders Åhnlund ⁷⁾	2008	4/23			43	–
Henrik Lundström ⁸⁾	2009	13/23			12	–
Christian W Jansson ⁹⁾	2009	5/23			75	–
Gert Karnberger ¹⁰⁾	2009	4/23	3/8		38	6
Kristina Schauman ¹¹⁾	2009	5/23	3/8		38	13
Lars-Johan Jarnheimer ¹²⁾	2009	5/23			38	–
Elisabet Wenzlaff ¹³⁾	2009	5/23			38	–
Anna Sundgren ¹⁴⁾	2008	13/23			20	–
Camilla Felton ¹⁵⁾	2008	0/23			–	–
Carina Jansson ¹⁶⁾	2002	23/23			24	–
Gunilla Andersson ¹⁷⁾	2005	6/23			–	–
Carin Sällström-Nilsson ¹⁸⁾	2009	4/23			4	–
Malin Jonsson ¹⁹⁾	2009	4/23			–	–
Gunilla Larsson ²⁰⁾	2009	4/23			–	–

¹⁾ Re-elected Chairman of the Board at the AGM on 17 April 2009. Also Chairman of the Remuneration Committee. Relieved of these assignments on 7 October 2009.

²⁾ Re-elected at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009.

³⁾ Re-elected at the AGM on 17 April 2009. Also member of the Remuneration Committee. Relieved of these assignments on 7 October 2009.

⁴⁾ Re-elected at the AGM on 17 April 2009. Member of the Audit Committee since 17 April 2009. Relieved of these assignments on 7 October 2009.

⁵⁾ Re-elected at the AGM on 17 April 2009. Also Chairman of the Audit Committee. Relieved of these assignments on 7 October 2009.

⁶⁾ Re-elected at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009. Member of the Audit Committee up to 17 April 2009.

⁷⁾ Stepped down from the Board in connection with the AGM on 17 April 2009.

⁸⁾ Elected to the Board at the AGM on 17 April 2009. Relieved of this assignment on 7 October 2009.

⁹⁾ Elected at the Extraordinary General Meeting on 7 October 2009 and elected Chairman of the Board.

¹⁰⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also member of the Audit Committee.

¹¹⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also Chairman of the Audit Committee.

¹²⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also Chairman of the Remuneration Committee.

¹³⁾ Elected at the Extraordinary General Meeting on 7 October 2009. Also member of the Remuneration Committee.

¹⁴⁾ Employee representative, appointed by the Swedish Pharmaceutical Association in 2008 up to October 2009.

¹⁵⁾ Employee representative (deputy), appointed by the Swedish Pharmaceutical Association in 2008 up to October 2009.

¹⁶⁾ Employee representative, appointed by the Swedish Association of Technical Pharmacy Employees in 2002, regular member since 2005.

¹⁷⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees in 2005 up to October 2009.

¹⁸⁾ Employee representative, appointed by the Swedish Pharmaceutical Association in October 2009.

¹⁹⁾ Employee representative (deputy), appointed by the Swedish Pharmaceutical Association in October 2009.

²⁰⁾ Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees in October 2009.

tion of assessments of independence in relation to major shareholders.

The reason for reporting independence in relation of major shareholders is essentially to protect minority shareholders in companies with a spread of ownership. In state-owned companies, there is no reason for reporting on such dependence.

Chairman of the Board

The Chairman of the Board is elected by the AGM. The Chairman must ensure that the work of the Board is performed effectively and that the Board fulfils its obligations. This includes organising and directing the work of the Board, maintaining regular contact with the President

and ensuring that the Board receives satisfactory information and decision-making material. The Chairman is also responsible for ensuring that the Board performs an annual evaluation of its own work. Since a new Board of Directors was elected in October 2009, no evaluation of the Board or the President was performed during 2009.

Board work

On the basis of the business agreement, the Board has prioritised a healthy economy, good availability, safe drug utilisation and a health perspective. In its rules of procedure, the Board also established an annual cycle regarding issues to be

discussed over the year. Considering that Apoteket Omstrukturering AB is the owner of Apoteket AB, the issue of division of responsibilities between the companies' boards was prioritised.

Remuneration and Audit Committees

The Remuneration Committee's assignments include the task of preparing matters regarding remuneration and other terms of employment for the Group Executive Board. Up to 7 October 2009, the Remuneration Committee comprised Per Båtelson as committee chairman and Eva Eriksson. As of 7 October 2009, the Remuneration Committee comprises

Lars-Johan Jarnheimer as committee chairman and Elisabet Wenzlaff. The Remuneration Committee met three times in 2009.

The Audit Committee's assignments include assisting the Board in ensuring that the company's and the Group's financial reporting is quality assured. Up to 7 October 2009, the committee comprised Karin Kronstam as committee chairman and Peter Lagerblad. Catarina Fritz replaced Peter Lagerblad as a member of the Audit Committee on 17 April 2009. As of 7 October 2009, the Audit Committee comprises Kristina Schaubman as committee chairman and Gert Karnberger. The Audit Committee met eight times during 2009,

Specific rules of procedure have been established for the Remuneration and Audit Committees.

The Governemnt's ownership policy deviates from the Code's stipulations regarding the Board's establishment of a Remuneration Committee and an Audit Committee. The Board has deemed that the Audit Committee can consist of two members, which is a deviation from the Code's stipulation regarding having three members for this committee. Taking into consideration the number of Board members elected by the AGM, two committee members is considered sufficient. The Remuneration Committee consists of two members. As of 7 October 2009, the Chairman of the Board is no longer Chairman of the Remuneration Committee.

Significant issues during the year

The Board held a total of 23 meetings during the year, of which two statutory, six scheduled, ten by telephone and five by correspondence. Matters considered by the Board included the following:

- year-end report
- annual report
- sustainability report
- reporting under the Transparency Act
- interim reports
- circulations for comments within the framework of the Pharmacy Market Commission
- reregulation issues
- business plan
- budget

- international business development projects
- vertical integration
- new organisation

AUDITORS

The auditors are appointed by the AGM with the task of auditing the company's financial statements and the administration of the company by the Board and the President.

The 2007 AGM elected registered public accounting firm Ernst & Young for a four-year period until the 2011 AGM, with the Authorised Public Accountant Erik Åström as auditor in charge. Lars Elinderson was elected Lay Auditor at the AGM and Lars Nordstrand as the Auditor appointed by the Swedish National Audit Office for the period until the 2012 AGM. The auditors' position of independence is ensured by law and professional ethics as well as by Ernst & Young's and the Swedish National Audit Office's internal rules.

The Audit Committee met with the auditors on several occasions throughout the year. These meetings were held in connection with a review of interim reports and reporting on internal control and to review other auditing efforts. The auditors participated in one Board meeting during the year in connection with the adoption of the annual report for the preceding year.

Remuneration to auditors and auditing firms is presented in Note 8.

PRESIDENT AND GROUP EXECUTIVE BOARD

The President is responsible for the day-to-day management of the company, directing the business within the framework laid down by the Board and keeping the Chairman of the Board continually informed about significant business events. The President has the task of organising the management of the company so that appropriate direction and control of the business are achieved. The areas of responsibility of the President are regulated in greater detail in the "Instructions for the President" that are adopted by the Board.

The Group Executive Board is an

advisory body to the President that meets every second week, with a break in July. It discusses strategic matters of a company-wide nature. Monitoring of the business takes place primarily through monthly financial management reports and quarterly follow-ups of the Group-wide scorecard. All matters dealt with by management are owned by a member of the Group Executive Board. Prior to a decision, supporting documentation is accompanied by a proposal to the decision specifying the responsible member. The supporting documentation specifies how a decision supports the objectives within the business plan. In cases for which decisions are to be made, the question of whether they require discussion jointly with the unions is addressed.

At year-end 2009, the Group Executive Board comprised ten members – five male and five female members.

The Group Executive Board is presented in greater detail on pages 64-65.

REMUNERATION AND INCENTIVE PROGRAMMES

At each AGM, the Board presents a motion concerning the principles underlying the remuneration and other conditions of employment for Apoteket's senior executives for approval by the AGM.

Apoteket applies the Government's guidelines on the terms of employment of those in senior management positions. In accordance with the guidelines, the general principle is also applied that salaries and remuneration to senior executives at Apoteket will be competitive, but not leading. The Board decides on employment and terms of employment for the President. The individual members of the Group Executive Board are employed by the President in consultation with the Remuneration Committee and after informing the Board.

Salary and benefits for Apoteket's employees and other senior executives are presented in Note 9.

There are no outstanding share- or share-price-based incentive programmes for the Board or the Group Executive Board. Apoteket has, however, introduced

three incentive programmes that applied during the 2009 financial year. Two of the programmes do not include senior executives and central units.

An earnings-based incentive programme has been established for managers and employees of units included in Apoteket's evaluation of a franchise-like operating format. If Apoteket's earnings exceed the budgeted figure, a portion of the excess earnings will become available as scope for bonus payment. This scope for bonus payment will primarily be disposed of by the manager. Should the earnings significantly exceed the budgeted figure, the manager will be empowered to also pay a bonus to the employees. The maximum outcome of the programme for an individual employee corresponds to two monthly salaries.

Another earnings-based programme for employees and managers of pharmacies could result in payment of SEK 3,000 per employee/manager if all three bonus targets are achieved. One of the bonus targets is mandatory for all units and is designed as a financial improvement target on the basis of the unit's earnings target. The other two targets are established by the business area/profit centre concerned.

Apoteket has also introduced a stay-employed bonus for a few individuals within the Group, certain of whom are senior executives. The agreements were entered into in accordance with previously applicable guidelines and have not been renegotiated since new guidelines were decided in April 2009. This entails a deviation from the currently applicable guidelines for senior executives. The bonus agreements that were entered into in 2008 were based on an ambition to safeguard the company's mission of

maintaining secure and satisfactory drug supply and contributing to the reregulation of the pharmacy market. The maximum payment amounted to four monthly salaries. The agreements were terminated as of 31 December 2009.

BUSINESS CONTROL

Based on the assumptions presented in the owner's directive at the AGM and the applicable business agreement with the Government, the Group Executive Board formulates a Group business plan, which is approved by the Board.

GOVERNANCE CORPORATE INFORMATION ON APOTEKET'S WEBSITE

At apoteket.se there is a separate section for issues concerning corporate governance.

The main documents underlying Apoteket's corporate governance are available there. The section on corporate governance is updated after the AGM and after each interim report.

REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

The Board is responsible for ensuring that Apoteket's organisation is designed to give adequate control of the accounts, management of assets and the company's financial conditions in general. This means that Apoteket must have a process which endeavours to achieve reliable financial reporting, a well-adapted and effective business and the observance of applicable laws and regulations.

Apoteket has chosen to gather all of the Group's governing documents in a

Group handbook, which is available for all Apoteket employees. The values that steer the company are available in an overall policy, which describes Apoteket's approach. In addition to these policies, guidelines and instructions provide further guidance to the company's employees.

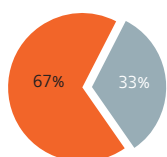
Current work processes include built-in mechanical and manual controls whose purpose is to prevent, discover and correct errors. These controls are described in a process management system. Apoteket has a centralised accounting function entailing that many of the control activities that exist are conducted at a central level. Such controls include the reconciliation of accounts, valuation of statement of earnings, balance sheet items and financial reviews. During the year, all pharmacy managers underwent training intended to strengthen knowledge of internal controls.

The President has a quarterly follow-up with Apoteket's various business units, which constitutes part of the follow-up of operations. In addition, the Group Executive Board conducts regular reviews in order to follow up scorecard results and examines the integrated quality, environment and sustainable development management systems so that they function satisfactorily.

The Board's Audit Committee and the management receive regular information about the financial reporting. The Board and the management scrutinise the interim reports and the annual report and engage in an active dialogue with the external auditors.

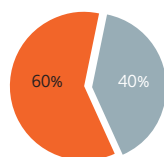
The Board has decided that Apoteket shall not have a separate function for internal auditing, since the current organisation provides the Board with a satisfactory impression of internal controls. The Board conducts an annual evaluation of the internal control of financial reporting and whether there is a need for a separate internal audit function.

GENDER DISTRIBUTION OF APOTEKET'S BOARD OF DIRECTORS



Women
Men

GENDER DISTRIBUTION OF APOTEKET'S GROUP EXECUTIVE BOARD ¹⁾



Women
Men

¹⁾ The Group Executive Board as of February 2010.

Board of Directors and auditors



CHRISTIAN W JANSSON,
CHAIRMAN OF THE BOARD



LARS-JOHAN JARNHEIMER



GERT KARNBERGER



KRISTINA SCHAUMAN



ELISABET WENZLAFF

MEMBERS OF THE BOARD ELECTED BY A GENERAL SHAREHOLDERS' MEETING

Christian W Jansson

Chairman of the Board

Member of the Board and Chairman of the Board since 2009. Born 1949.

President and Chief Executive Officer of KappAhl.

Education: Business Administration Graduate.

Other significant assignments: Member of the Board of Bong Ljungdahl AB and Children's Rights in Society, BRIS.

Lars-Johan Jarnheimer

Member of the Board and chairman of the Remuneration Committee since 2009. Born 1960.

Previous positions: President and Chief Executive Officer of Tele2.

Education: Degree in Economics.

Other significant assignments: Chairman of the Executive Committee of Children's Rights in

Society, BRIS. Member of the Board of INGKA Holding BV (Parent Company of IKEA), HAB Arvid Nordquist, Seamless AB and Teleopti AB.

Gert Karnberger

Member of the Board and member of the Audit Committee since 2009. Born 1943.

Previous positions: Clas Ohlson AB, Chairman of the Board 1990–1996, President, Chief Executive Officer and Member of the Board 1996–2007.

Education: Technical College Engineer supplemented by university studies in economics.

Other significant assignments: Chairman of the Board of Swedish Industry and Commerce for Better Regulation, NNR, and Deputy Chairman and Chairman of the Audit Committee of Systembolaget AB. Member of the Board of the Confederation of Swedish Enterprise and Swedol AB.

Kristina Schauman

Member of the Board and Chairman of the Audit Committee since 2009. Born 1965.

Previous positions: CFO Carnegie Investment Bank AB and CFO OMX AB.

Education: Business Administration Graduate.

Elisabet Wenzlaff

Member of the Board and member of the Remuneration Committee since 2009. Born 1955.

Legal Counsel Volvo Cars.

Education: BA and LL.M (Master of Law).

Other significant assignments: Member of the Board of companies within Volvo Cars.



CARINA JANSSON



GUNILLA LARSSON



MALIN JONSSON



CARIN SÄLLSTRÖM-NILSSON

EMPLOYEE REPRESENTATIVES

Carina Jansson

Employee representative, appointed by the Swedish Association of Technical Pharmacy Employees, on Apoteket's Board of Directors since 2002 (regular member since 2005). Born 1951.

Education: Pharmacy technician.

Other significant assignments: Chair of the Swedish Association of Technical Pharmacy Employees. Member of the Board of Apoteket's Pension Foundation, Deputy Board member of the Confederation of Professional Employees and Insurance Association Optimalia and Deputy Board member of the Board of the Confederation of Professional Employees (TCO).

Malin Jonsson

Employee representative (deputy), appointed by the Swedish Pharmaceutical Association, on Apoteket's Board of Directors since 2009. Born 1979.

Pharmacy Manager of Apoteket Hästhoven in Täby.

Education: Licensed Pharmacist.

Gunilla Larsson

Employee representative (deputy), appointed by the Swedish Association of Technical Pharmacy Employees, on Apoteket's Board of Directors since 2009. Born: 1951.

Prescriptionist, works at Apoteket Falken in Stockholm.

Education: Prescriptionist education.

Carin Sällström-Nilsson

Employee representative, appointed by the Swedish Pharmaceutical Association, of Apoteket's Board of Directors since 2009. Born 1954.

Team Manager of shop stewards responsible for pharmaceutical employees and shop steward responsible for pharmaceutical employees in northern Sweden.

Education: Licensed Prescriptionist.

AUDITORS

Erik Åström, Authorised Public Accountant, Ernst & Young AB, elected in 2007. Born in 1957.

Other significant assignments: Hakon Invest, Hennes & Mauritz, Modern Times Group, Saab and Svenska Handelsbanken.

Lars Nordstrand, Authorised Public Accountant, National Audit Office, appointed in 2003.

Born in 1954.

Other significant assignments: the Swedish Tax Agency, the Swedish Customs Service, the National Property Board and the National Fortifications Administration.

Lars Elinderson, Lay Auditor, Member of the Riksdag, elected in 2007. Born in 1949.

Group Executive Board

Stefan Carlsson

President and Chief Executive Officer

Employed at Apoteket and President since 1999. Born 1954.

Previous positions: Region Director Region Skåne, County Council Director Jämtland County Council, Executive Vice President Sensia Konsulter and Chief Consultant at the Association of Municipal Corporations.

Education: BSc in Political Science and Business Administration. PhD. h.c.

Other significant assignments: Chairman of the Boards of Apoteket Farmaci AB, Apoteket International AB, Apoteket Produktion & Laboratorier AB, Adara AB and Goodpoint AB. Board member of Alliansen.

The President and CEO has no significant shareholdings or partnerships in companies with which Apoteket has material business relationships.



STEFAN CARLSSON

Marianne Dicander Alexandersson

Executive Vice President since 2009 and Director of Apoteket Consumer since 2007. Employed at Apoteket and member of the Group Executive Board since 2007. Born 1959.

Previous positions: President, Business Area Manager and Business Development Manager at Kronans Droghandel as well as various positions at Volvo, ICI and Pharmacia.

Education: Master of Engineering Chemistry.

Other significant assignments: Member of the Board of Castellum, Chalmers, Confederation of Swedish Enterprise and WHO's Uppsala Monitoring Centre.



MARIANNE DICANDER
ALEXANDERSSON

Per Matses

Chief Financial Officer

Employed at Apoteket and member of the Group Executive Board since 1999. Born 1958.

Previous positions: Financial Director of Postgirot Bank and Financial Director of the Swedish Post Office.

Education: Business Administration Graduate.

Other significant assignments: Member of the Boards of Apoteket Farmaci AB, Apoteket Produktion & Laboratorier AB, Adara AB, Apoteket International AB, Försäkringsföreningen Optimalia and Högberga Gård AB. Deputy Board member of Apoteket AB's Pension Foundation.



PER MATSES

Eva Fernvall

Brand Director

Employed at Apoteket and member of the Group Executive Board since 2005. Born 1953.

Previous positions: Chair of the Swedish Association of Health Professionals, Vice Chair of the Confederation of Professional Employees (TCO), Chair of the Delegation for Public E-services, Vice Chair of the Swedish Association of Health Professionals and Biomedical Analyst at Danderyd Hospital.

Education: Biomedical analyst.

Other significant assignments: Chair of the Swedish Association of Health Professionals, Vice Chair of the Confederation of Professional Employees (TCO), Chair of the Delegation for Public E-services, Vice Chair of the Swedish Association of Health Professionals and Biomedical Analyst at Danderyd Hospital.



EVA FERNVALL

Annema Paus

President of Apoteket Farmaci AB since 2008. Employed at Apoteket since 2000 and member of the Group Executive Board since 2001 (2001–2008, 2009). Born 1955.

Previous positions: Country Manager Wyeth Nordiska AB, Country Manager and Nordic Business Manager Cyanamid Nordiska AB (Lederle), and various positions at Schering-Plough AB and Roche AB.

Education: Pharmacist.

Other significant assignments: Member of the Board of The Swedish Institute for Health Economics, IHE, and Apoteket Produktion & Laboratorier AB (APL).



ANNEMA PAUS



MONICA HÖGLIND

Monica Höglind

Director of Human Resources Employed at Apoteket and member of the Group Executive Board since 2007.

Born 1962.

Previous positions: Director of Human Resources Coop Sverige, Director of Human Resources Coop Elektro, Human Resources Manager KF Stormarknader, Human Resources Manager B&W Stormarknader and Human Resources Manager Svenska Pressbyrå.

Education: Dipl. in HR Strategy.

Other significant assignments: Member of the Board of Almega Tjänsteförbunden.



TORE LÖWSTEDT

Tore Löwstedt

Director of Apoteket Distribution

Employed at Apoteket since 2005 and member of the Group Executive Board since 2007. Born 1955.

Previous positions: Director Västerbotten County Council, CFO SJ Gods, Administrative Director, CFO and HR Director of the City of Stockholm.

Education: Administrative Economist



DAVID KRUSE

David Kruse

President Apoteket International AB since 2008. Employed at Apoteket since 2008 and member of the Group Executive Board since 2009. Born 1973.

Previous positions: Consultant at Applied Value Corp., Boston/Stockholm; Program Manager World Food Program, Rome and trade commissioner and country manager at the Swedish Trade Council France, Paris.

Education: M.Sc. in Industrial Economics.



ULRIKA ERIKSSON

Ulrika Eriksson

Director of Market & Product Range since 2009. Employed at Apoteket since 2005 and member of the Group Executive Board 2005–2007, and since 2009. Born 1969.

Previous positions: Purchasing Manager Small Shops Sverige AB, Executive vice President Svenska Pressbyrå AB and vice President Reitan Servicehandel AB.

Education: Business Administration Graduate.

Other significant assignments: Member of the Boards of Bong Ljungdahl AB and Pro Pac International AB.



ANNA ROGMARK

Anna Rogmark

Legal Counsel and Head of Group Coordination since 2010. Employed at Apoteket since 2005 and member of the Group Executive Board since 2010. Born 1965.

Previous positions: Corporate Lawyer at Biovitrum and at Pharmacia.

Education: Bachelor of Laws and Licence Spécial en Droit Européen, ULB.

Other significant assignments: Chairman of Optimalia, the Apoteket Group's Insurance Association and deputy member of Apoteket's pension foundation.

The membership of the Group Executive Board presented here applies from February 2010.

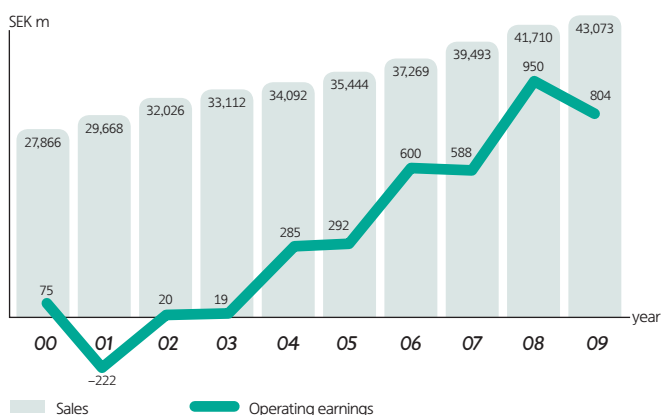
Ten-year summary

KEY FIGURES

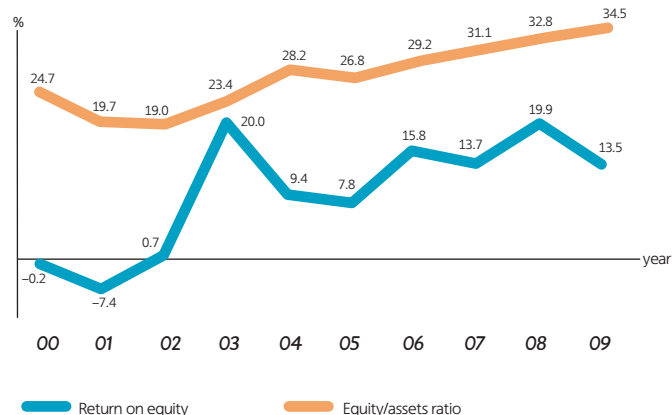
	2009	2008	2007	2006	2005	2004
Net sales, SEK m	43,073	41,710	39,493	37,269	35,444	34,092
Gross profit, SEK m	8,901	8,447	7,941	7,456	6,979	6,671
Operating expenses, SEK m	8,103	7,508	7,365	6,871	6,701	6,405
Operating earnings, SEK m	804	950	588	600	292	285
Financial items, SEK m	3	19	14	21	-2	-3
Pre-tax earnings, SEK m	806	969	602	621	290	282
Net earnings for the year, SEK m	532	711	433	447	201	205
Dividend (approved and paid the following year) ¹⁾ , SEK m	372	237	145	150	70	100
Balance sheet total, SEK m	11,686	11,700	10,596	10,309	9,815	8,943
Equity, SEK m	4,026	3,838	3,293	3,010	2,632	2,518
Change in net sales, %	3.3	5.6	6.0	5.1	4.0	3.0
Gross profit margin, %	20.7	20.3	20.1	20.0	19.7	19.6
Equity/assets ratio, %	34.5	32.8	31.1	29.2	26.8	28.2
Return on capital employed, %	14.6	18.2	11.1	12.0	6.2	7.5
Return on equity, %	13.5	19.9	13.7	15.8	7.8	9.4
Average number of employees	10,319	10,666	10,689	10,632	10,914	10,856
Number of prescription items (thousands)	77,135	75,957	74,092	72,431	70,885	70,870

¹⁾ The dividend for 2009 relates to a proposed, but not yet approved dividend.

Sales and operating earnings



Return on equity and equity/assets ratio



Financial definitions

	2003	2002	2001	2000
	33,112	32,026	29,668	27,866
	6,235	5,853	5,252	4,946
	6,224	5,895	5,504	4,898
	19	20	-222	75
	178	11	78	-46
	197	31	-144	29
	351	12	-126	-4
	117	100	0	100
	7,913	8,658	8,167	7,287
	1,855	1,648	1,611	1,803
	3.4	7.9	6.5	6.6
	18.8	18.3	17.7	17.8
	23.4	19.0	19.7	24.7
	5.4	1.9	-3.3	1.4
	20.0	0.7	-7.4	-0.2
	10,886	10,827	10,600	10,094
	69,365	68,481	65,845	63,858

Average number of employees

This is calculated according to Recommendation R4 of the Swedish Accounting Standards Board as the average of the number of persons employed based on monthly surveys during the accounting year. An adjustment has been made for part-time personnel, parental leave, leave of absence and long-term sick leave.

Average number of employees in the Group 31 December 2009: 10,319

Capital employed

Average balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions.

Calculations for the Group as of 31 December 2009:

$$\frac{(11,686+11,700)}{2} - (749+2,445+252+330+109+2,025) =$$

$$= \frac{23,386}{2} - 5,910 = 11,693 - 5,910 = \text{SEK } 5,783 \text{ m}$$

Earnings per share

Earnings after tax divided by the number of shares.

Calculations for the Group as of 31 December 2009:

$$\frac{532,000,000}{175,000} = \text{SEK } 3,040$$

Equity/assets ratio

Shareholder's equity as a percentage of the balance sheet total.

Calculations for the Group as of 31 December 2009:

$$\frac{4,026}{11,686} = 34,5\%$$

Gross profit

Difference between net sales and cost of materials.

Calculations for the Group as of 31 December 2009:

$$43,073 - 34,172 = \text{SEK } 8,901 \text{ m}$$

Gross profit margin

Difference between net sales and cost of materials as a percentage of net sales.

Calculations for the Group as of 31 December 2009:

$$\frac{43,073 - 34,172}{43,073} = 20,7\%$$

Interest-bearing net liabilities

Interest-bearing liabilities less interest-bearing assets.

Calculations for the Group as of 31 December 2009:

$$1,750 - 766 = \text{SEK } 984 \text{ m}$$

Return on capital employed

Earnings after financial revenues as a percentage of average capital employed.

Calculations for the Group as of 31 December 2009:

$$\frac{816}{(5,783+5,586)/2} = \frac{816}{5,584} = 14,6\%$$

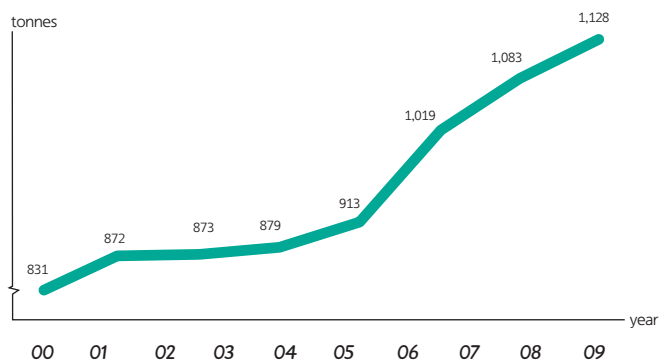
Return on equity

Earnings for the year as a percentage of average equity.

Calculations for the Group as of 31 December 2009:

$$\frac{532}{(4,026+3,838)/2} = \frac{532}{3,932} = 13,5\%$$

Amount of returned pharmaceutical waste



Glossary

ApoDos (Multidose dispensed drugs)

ApoDos is Apoteket's concept for individual drug packages. Each multidose package contains the drugs a patient is supposed to take at any one time, e.g. morning, noon or night. ApoDos result in simpler and safer handling, provide a better overview and reduce waste.

Apoteket's Drug Service

Apoteket's Drug Service is one of Apoteket's services which ensures that the agreed-upon range of pharmaceuticals is available at nursing wards. Apoteket's pharmacists work in close cooperation with doctors and nurses so as to contribute to increased efficiency and patient safety. Apoteket's Drug Service is available in approx. half of the nursing wards in Sweden. Supplying drugs places substantial requirements on pharmaceutical expertise. Apoteket connects goods supply with a qualified knowledge of drug handling and drug use and reviews stocks and stock keeping from a logistics, as well as a pharmaceutical, perspective.

Drug utilisation reviews

A customer offer aimed at improving the use of drugs at nursing homes, local healthcare centres and hospital wards.

Extemporaneous drugs

Drugs which for reasons of production technology or other reasons are not available from the pharmaceutical industry, but which are needed. They are made occasionally, in accordance with special needs.

Goods for resale

Goods for resale comprise Apoteket's cost of materials for the sale of drugs and other products.

International Financial Reporting Standards (IFRS)

Standards issued by the International Accounting Standards Board (IASB).

Lex Maria

Lex Maria is the everyday name for Chapter 6 Section 4 of the Act on Professional Activities in Health and Medical Services (1998:531) under which medical and healthcare providers in Sweden have an obligation to report to the National Board of Health and Welfare if a patient suffers, or is exposed to the risk of suffering, serious injury or illness in connection with medical or healthcare. The background of the name refers to an incident in 1936 when four patients at the Maria Hospital in Stockholm died as a result of malpractice when they were injected with disinfectant instead of anaesthetic.

Medical Products Agency, The

The Medical Products Agency is responsible for the approval and inspection of pharmaceuticals, natural remedies and medical technical products. The Medical Products Agency's objective is to ensure that individual patients and the healthcare services have access to safe and effective products, which are used appropriately and cost-effectively.

Multidose dispensed drugs

See ApoDos.

Nonprescription drugs

Nonprescription drugs such as nicotine substitutes.

Other health products

These include products such as skin and hair care products, dental care products, hygiene articles, vitamins and food supplements, blood pressure gauges, anti-snoring sprays and health books.

Pharmaceutical specialist

Someone with pharmaceutical training, e.g. a pharmacist, prescriptionist, or graduates in pharmacy.

Pharmacy representatives

Pharmacy representatives are delivery points for pharmaceuticals and other pharmacy products and are found in smaller towns and villages that do not have a pharmacy.

Start packages

A package of medicine containing an adequate amount in order for the customer to try the medication.

Sustainability work

Responsible long-term work that, in addition to the environment, includes social and ethical aspects.

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Apoteket AB (publ)

Postal address: SE-118 81 Stockholm, Sweden

Visiting address: Södermalmsallén 36, Stockholm, Sweden

Telephone: +46-(0)10-447 50 00

Fax: +46-(0)10-447 55 15

Website: apoteket.se

Corp. Reg. No: 556138-6532

Customer Centre telephone: +46-(0)771-450 450

 **Apoteket AB**