

# Interim Report

January 1–March 31, 2004

- **Industrivärden's net asset value was SEK 32,904 M on April 30, 2004, an increase of SEK 2,834 M since the start of the year. Net asset value on March 31, 2004, was SEK 33,209 M (22,917).**
- **Net asset value per share was SEK 170 on April 30, 2004, an increase of SEK 14 per share since the start of the year. Including reinvested dividends the increase was SEK 20 per share. Net asset value per share on March 31, 2004, was SEK 172 (119).** Average annual growth in net asset value over the last ten-year period, including reinvested dividends, was 15%. Earnings per share for the first three months of 2004 were SEK 1.50 (-0.11).
- **The total return for Industrivärden's stock during the first four months of the year was 17%, compared with 10% for the return index.** During the last ten-year period the average annual total return was 3 percentage points higher than the return index.

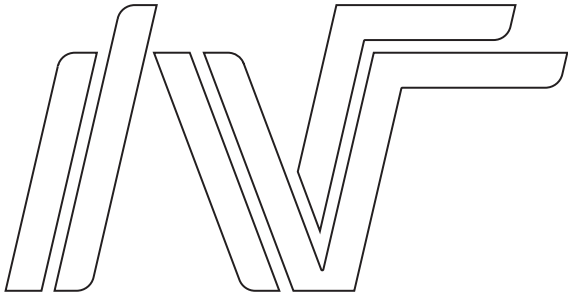
## Industrivärden in summary

	Change, % Jan. 1–April 30	Average annual change, %	
		Five years, Dec. '98–Apr. '04	Ten years, Dec. '93–Apr. '04
<b>Total return</b>			
Total return for Industrivärden's stock	17	9	15
Return index (SIXRX)	10	4	12
Excess return, Industrivärden	7	5	3
<b>Net asset value</b>			
Net asset value	9	1	8
Net asset value incl. reinvested dividends	13	10	15



## Composition of net asset value

Parent Company	SEK billion			SEK per share		
	2004 April 30	2004 March 31	2003 Dec. 31	2004 April 30	2004 March 31	2003 Dec. 31
Equities portfolio	37.6	36.9	32.9	194	191	170
Net debt	-4.7	-3.7	-2.8	-24	-19	-14
Net asset value	32.9	33.2	30.1	170	172	156



## CEO's Message

The year has gotten off to a good start for Industrivärden. Our total return, i.e., our share price including reinvested dividends, was 17% as of April 30, or 7 percentage points better than the return index. This is gratifying, as our goal is to create long-term, favorable growth in value. For both the last five- and ten-year periods, Industrivärden's stock has outperformed the return index by a wide margin.

We are seeing increasing and clearer signs that an improvement in the economy is in the making. It is primarily in the U.S. and Southeast Asia – headed by China – where we see increasing signs of an economic upswing. It is worth noting that even Japan is showing growth after years of stagnation. The region that is still not showing any stellar improvement is Continental Europe. The economic improvement is now beginning to show in the business and profit trend for most of our major holdings.

Ericsson's fine performance is particularly pleasing. During the first quarter, Handelsbanken posted a new earnings record for a single quarter, despite an unchanged level of net interest income.

Industrivärden is one of the Nordic region's leading holding companies, taking an active ownership role in a concentrated selection of listed Nordic companies with good development potential. Industrivärden's mission is to create shareholder value based on a professional investment operation and active ownership. The goal is to generate high growth in net asset value over time. High growth in value enables Industrivärden to deliver a total return which, over time, is higher than the average for the Stockholm Stock Exchange. For more information, visit our website: [www.industrivarden.net](http://www.industrivarden.net).

Our net asset value growth can be credited primarily to the continued rise for Ericsson's stock. Ericsson is, together with Handelsbanken, once again our largest holding. Thus far during the year we have increased our debt by fully one billion kronor in order to purchase additional stocks. We have made purchases in primarily Handelsbanken and Sandvik. We have also increased our holding in Munters. Our derivative transactions as well as short trading in Nordinvest continues to do well.

On April 21 a circulation proposal for a Swedish Code for Corporate Governance was published. This code lays out a more detailed extension of the corporate governance tradition that we have in Sweden thanks to the Swedish Companies Act, which was well thought out from its inception, with a clear division of roles between a company's shareholder meeting, board of directors and executive management. It is only by having such an all-embracing code in Sweden that we can build confidence in Swedish corporations among the general public and especially among Swedish and international investors.

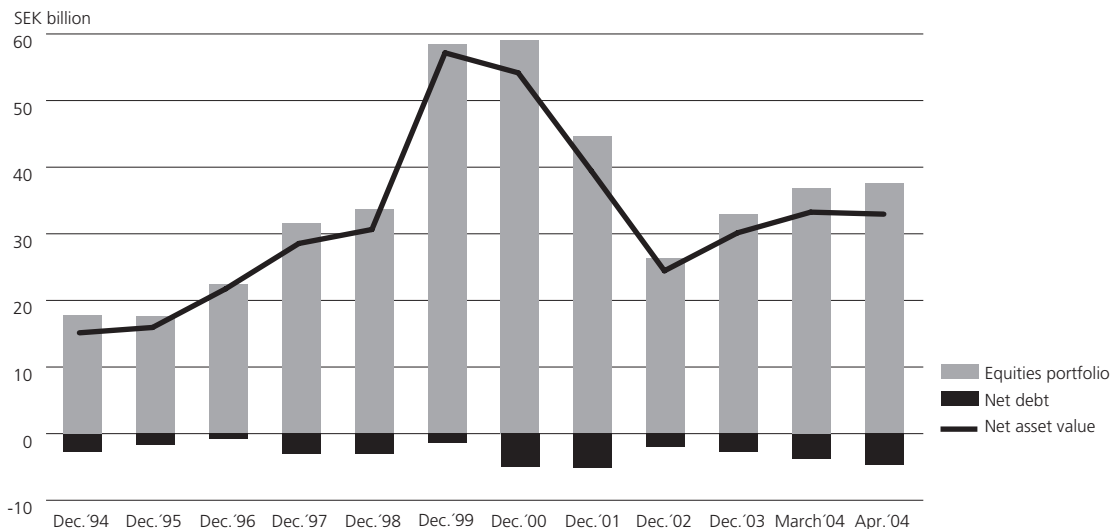
ANDERS NYRÉN  
*President and CEO*

## Net Asset Value

Net asset value on April 30, 2004, was SEK 32,904 M, an increase of SEK 2,834 M since the start of the year. Net asset value on March 31, 2004, was SEK 33,209 M. The change in net asset value over the last ten-year period is shown in the chart below.

## Accounting for investments in associates

Starting with the 2003 year-end consolidated accounts, Industrivärden applies the equity method for accounting for investments in associates. A more detailed account of this can be found on page 5 of this interim report and on page 54 of the 2003 Annual Report.



## Equities Portfolio<sup>1</sup>

The market value of Industrivärden's equities portfolio on March 31, 2004, was SEK 36,921 M (SEK 32,890 M at the start of the year), and the surplus value was SEK 18,462 M (SEK 15,414 M at the start of the year). The market value on April 30, 2004, was

SEK 37,606 M and the surplus value was SEK 18,686 M. Taking into account purchases and sales, the change in value was 11% since the start of the year. A detailed portfolio specification as per March 31 is provided on page 8.

Company	As per March 31, 2004		Total return, % Jan.'04–March'04	Average annual total return, %		As per April 30, 2004	
	No. of shares	Market value, SEK M		Five years, Dec.'98–March'04	Ten years, Dec.'93–March'04	No. of shares	Market value, SEK M
Handelsbanken	55,984,800	7,978	-3	7	17	56,369,800	8,315
Ericsson	364,737,276	7,902	61	-9	10	372,000,000	7,998
SCA	21,206,600	6,334	1	15	12	20,894,100	6,292
Sandvik	21,808,000	5,245	-3	15	11	22,930,600	5,698
Skanska	33,302,756	2,131	6	6	9	33,191,756	2,041
Indutrade		1,966	–	–	–		1,966
SSAB	13,112,600	1,737	3	15	11	13,785,200	1,730
Munters	3,219,350	599	7	22	–	3,219,350	592
Isaberg Rapid		375	–	–	–		375
Ossur hf	52,000,000	278	17	–	–	52,000,000	312
Others		2,376					2,287
<b>Total</b>		<b>36,921</b>	<b>10</b>				<b>37,606</b>
Return index			9	4	12		

The total return indicated above for Ericsson in 2004 is a weighted average for Industrivärden's holding of Class A and B shares.

Of the shareholdings listed above, Munters and Ossur have been owned for less than five years, while Sandvik has been owned for less than ten years.

The valuation of the wholly owned subsidiaries Indutrade and Isaberg Rapid is explained in a definition on page 8.

*Handelsbanken's* operating profit for the first quarter improved significantly due to an increase in revenue. Return on equity increased to 16.5%. Falling interest margins were compensated by higher credit volumes. Net commissions as well as net trading income increased mainly as a result of the positive trend in the stock market. Overheads were largely unchanged, and loan losses remained at a low level. Moody's raised its rating of Handelsbanken, and only one listed, privately owned bank in the world has a higher credit rating.

*Ericsson's* order bookings increased sharply during the first quarter, mainly for mobile networks. The company estimates that the global mobile systems market will show slight to moderate growth compared with 2003. Income after financial items was considerably higher than in the first quarter of 2003. The gross margin continued to improve and exceeded the margin for the fourth quarter of 2003. Operating expenses measured on an annual basis are in line with the expense target, and cash flow remained positive. SonyEricsson continued its favorable development. Ericsson has favorable conditions for long-term growth through capacity expansion of existing telecommunications networks, 3G expansion, increased service activities and the continued transition from fixed to mobile communications.

*SCA* reported lower earnings after financial items for the first quarter, but with a continued stable level of profitability. Consumer products continue to show a favorable trend in demand, and following a weak start of the year, demand for corrugated board has improved. SCA acquired the Malaysian hygiene company Drypers during the period and has signed an agreement to acquire the hygiene operations of Carter Holt Harvey in New Zealand.

*Sandvik's* business position improved during the fourth quarter of 2003 and sales volume increased. Earnings after financial items fell in 2003, mainly due to structural costs and currency effects. The interim report for the first quarter of 2004 will be released on May 6.

*Skanska's* income after financial items decreased during the first quarter, mainly due to lower sales of properties by the Commercial Project Development unit. Earnings improved for Skanska's largest business unit, Construction and Services. Order bookings remained stable and the order backlog has increased since the start of the year.

The wholly owned subsidiary *Indutrade*, which is one of the leading trading companies in the Nordic region, reported earnings after financial items of SEK 42 M (32) for the first quarter. Return on capital employed increased to 18%. Earnings improved in Sweden and Finland. A program has been initiated which is expected to lower costs by approximately SEK 35 M on a yearly basis starting in 2004.

*SSAB's* profit after financial items for the first quarter improved sharply due to a higher share of specialty steels and lower processing costs. Deliveries of ultra high strength sheet steel and quenched steel rose 29%, which is well in line with the strategic goal of increasing deliveries of specialty steels by 50% to 100% during a five-year period. Cash flow also improved considerably. Higher raw material prices present a challenge for the rest of the year.

*Munters'* earnings after financial items declined slightly during the first quarter. Industrial demand improved, which had a positive effect on order intake. Most of the SEK 140 M cost-cutting program decided on in 2003 and 2004 has been implemented.

<sup>1</sup> Pertains to the Parent Company's equities portfolio. Based on these holdings, derivative transactions are also conducted. Industrivärden also has short trading conducted by the subsidiary Nordinvest, which had shareholdings with a market value of SEK 154 M as per March 31, 2004.

The wholly owned subsidiary *Isaberg Rapid*, which manufactures and markets staplers, reported earnings after financial items of SEK 4 M (24) for the first quarter.

*Ossur* showed a sharp increase in sales and profit after financial items for the first quarter. The sales increase is attributable to the acquisition of the orthotics company Generation II Group, along with strong development for the prosthetics business. Completed restructuring measures have had a positive earnings impact.

### Equity Transactions During the Year

During the first quarter of 2004, purchases of stocks totaled SEK 1,159 M and sales totaled SEK 339 M. Major purchases consisted of 3,232,900 shares of Handelsbanken A, 15,698,000 shares of Ericsson B, 640,500 shares of Sandvik, and 513,600 shares of Munters. Call options issued in early January for 15,000,000 shares of Ericsson B were exercised during the quarter. Purchases and sales of listed stocks are shown in the table below:

Purchases	No. of shares	SEK M
Handelsbanken A	3,232,900	458
Ericsson B	15,698,000	341
Sandvik	640,500	149
Munters	513,600	91
Other		120
<b>Total</b>		<b>1,159</b>
<b>Sales</b>		
Ericsson B	15,000,000	256
Other		83
<b>Total</b>		<b>339</b>

After the end of the reporting period, from April 1 through April 30, 2004, stocks were purchased for a total of SEK 687 M and sold for SEK 149 M. Major purchases consisted of 1,122,600 Sandvik, 7,262,724 Ericsson B and 672,600 SSAB A, and major sales consisted of 312,500 SCA B.

During the first quarter, derivative transactions were also conducted. These transactions, which were based on holdings in the equities portfolio, generated a profit of SEK 15 M.

Earnings from equities and derivative transactions during the first quarter of 2004 totaled SEK 144 M, as shown in the table below:

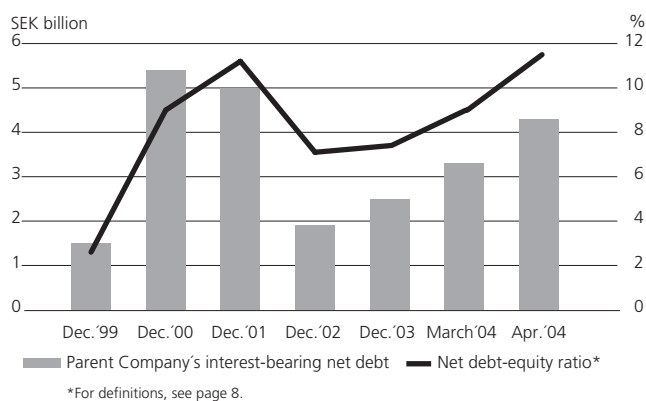
Earnings from Parent Company's equities transactions, SEK M	2004 Jan.–March
Ericsson B	156
Derivative transactions	15
Other	-27
<b>Total</b>	<b>144</b>

Earnings from equities and derivative transactions for the Group during the first quarter of 2004 amounted to SEK 149 M.

### Interest-Bearing Net Debt

The Parent Company's net debt was SEK 4.3 billion on April 30, 2004, an increase of SEK 1.9 billion compared with the start of the year. The net debt-equity ratio was 11.5%<sup>2</sup>. Net debt was SEK 3.3 billion on March 31, 2004, corresponding to a net debt-equity ratio of 9.0% (7.4% at the start of the year), as shown in the specification on page 7.

The Group's net debt increased by SEK 1.0 billion compared with the start of the year, to SEK 3.8 billion as per March 31, 2004.



### Earnings

The Parent Company's earnings after financial items were SEK 92 M (-65), including dividend income of SEK 3 M (3) and earnings of SEK 144 M (-8) from equities and derivative transactions. Earnings also included SEK -21 M (-22) in management costs and SEK -34 M (-38) in net financial items.

Consolidated earnings after financial items amounted to SEK 143 M (4), including SEK 97 M (-53) in earnings from equities management and SEK 46 M (57) in earnings from operating companies. After accounting for investments in associates and taxes, consolidated earnings for the period amounted to SEK 290 M (-22).

### Other

The Administrative Court of Appeal has denied Industrivärden the right to deduct interest expenses that reduced the taxes for holding companies owned by and subsequently merged with Industrivärden in the combined amount of SEK 165 M. In March Industrivärden filed an appeal of the Administrative Court of Appeal's ruling with the Supreme Administrative Court.

### Accounting Principles

This interim report has been prepared in accordance with Swedish Financial Accounting Standards Council recommendation RR20 – Interim Financial Reporting.

To adapt its reporting to recommendation R22 – Presentation of Financial Statements, starting with the 2003 year-end accounts, in its consolidated financial statements Industrivärden is applying the equity method of accounting for investments in associates. By an associate is meant a company in which the share-

<sup>2</sup> Assuming all else unchanged, the net debt-equity ratio will decrease by 1.5 percentage points, to 10.0%, as a result of dividend income of SEK 0.6 billion in May.

holding amounts to at least 20% of the votes. Industrivärden has ownership stakes in Ericsson, SCA and Skanska that correspond to at least 20% of the number of votes. Comparison figures for the first quarter of 2003 have been changed to reflect application of the equity method.

To clarify Industrivärden's focus on investment activities, starting with the 2003 year-end accounts, the Parent Company's income statement and balance sheet are presented before the Group's.

Starting on January 1, 2004, recommendation RR29 – Employee Benefits is applied. Application of this new recommendation has had only a marginal effect on the company's reported earnings and position. In other respects, this report has been prepared using the same accounting principles and calculation methods as in the 2003 Annual Report.

Stockholm, May 4, 2004

ANDERS NYRÉN  
*President and CEO*

### **Auditors' Examination Report**

We have conducted a general examination of the interim report for AB Industrivärden (publ.) for the period ended March 31, 2004, in accordance with the recommendation issued by FAR (the Swedish Institute of Authorized Public Accountants).

A general examination is limited to discussions with the Company's employees and to an analytical examination of financial information and thus provides a lesser degree of certainty than an audit. We have not performed an audit of this interim report and thus have not issued an audit opinion.

Nothing has come to our attention that indicates that the interim report does not fulfill the requirements for interim reports as prescribed in the Swedish Annual Accounts Act.

Stockholm, May 4, 2004

Öhrlings PricewaterhouseCoopers AB  
INGVAR PRAMHÄLL  
*Authorized Public Accountant*

### **Decisions at the Annual General Meeting on March 29, 2004**

Industrivärden's Annual General Meeting was held on March 29, 2004, at the Grand Hotel in Stockholm. The decisions made included the following:

- The Annual General Meeting approved the dividend of SEK 5.50 per share (preceding year: ordinary dividend of SEK 5.00 plus a bonus dividend of SEK 0.80). The record date for payment of the dividend was set at April 1, and thus dividends were paid via VPC on April 6.

- Boel Flodgren, Tom Hedelius, Finn Johnsson, Sverker Martin-Löf, Arne Mårtensson, Lennart Nilsson and Anders Nyrén were reelected as directors on Industrivärden's board, and Fredrik Lundberg was elected as a new director. Clas Reuterskiöld declined reelection. Fredrik Lundberg, 52, D.Econ. h.c., is President and CEO of Lundbergföretagen. He also serves as Chairman of Cardo, Holmen and Hufvudstaden, and is a director on the boards of Svenska Handelsbanken, Lundbergföretagen, NCC and Stadium.

- The Annual General Meeting resolved to authorize the Chairman of the Board to appoint at least four members from among the major shareholders' representatives, who are not directors on the Company's board, to form with the Chairman a nominating committee for future board elections, with the Committee chairman to be appointed from within the Committee. The composition of the Nominating Committee shall be announced in the Company's third-quarter interim report.

- The Annual General Meeting resolved that Industrivärden, as an owner of Class A and B shares in Ericsson, will approve the proposal set forth by a group of major Class A and Class B shareholders of Ericsson at an Extraordinary General Meeting of Ericsson on a change in the voting power for Class B shares issued by Ericsson.

### **Decisions at the statutory board meeting:**

- At the statutory board meeting on the same day, the decision was made to – provided that Ericsson's extraordinary general meeting approves of the proposal outlined above – exercise all conversion rights received for conversion of Class B shares to Class A shares. If this occurs, Industrivärden's current share of voting rights in Ericsson will decrease from 27.7% to 13.3%.
- Also at the statutory board meeting, Tom Hedelius was appointed Chairman and Sverker Martin-Löf Vice Chairman of Industrivärden's board.

A transcript of CEO Anders Nyrén's address to the Annual General Meeting is available from the company and can be downloaded from Industrivärden's website: [www.industrivarden.net/Investor Relations/AGM](http://www.industrivarden.net/Investor%20Relations/AGM).

### **Further Information**

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Sverker Sivall, IR, tel. +46-8-666 64 19

Industrivärden's complete contact information, see page 11.

### **Financial Calendar**

The interim report Jan.–June will be released on Aug. 5, 2004.  
The interim report Jan.–Sept. will be released on Oct. 29, 2004.  
The year-end report for 2004 will be released on Feb. 17, 2005.  
The 2004 Annual Report will be published in mid-March 2005.

## Parent Company Income Statement

SEK M	2004 Jan.–March	2003 Jan.–March	2003 Jan.–Dec.
<b>Portfolio management</b>			
Dividend income from stocks	3	3	849
Earnings from equities transactions	129	-7	-1,511
Earnings from derivative transactions	15	-1	101
Other income and expenses	–	–	-2
<b>Earnings from portfolio management</b>	<b>147</b>	<b>-5</b>	<b>-563</b>
<b>Management costs</b>	<b>-21</b>	<b>-22</b>	<b>-80</b>
<b>Operating earnings</b>	<b>126</b>	<b>-27</b>	<b>-643</b>
Interest income	2	22	32
Interest expenses	-38	-57	-266
Other financial items	2	-3	-10
<b>Earnings after financial items</b>	<b>92</b>	<b>-65</b>	<b>-887</b>
Tax	–	–	-165
<b>Net earnings for the period</b>	<b>92</b>	<b>-65</b>	<b>-1,052</b>

## Parent Company Balance Sheet

SEK M	3/31/2004	3/31/2003	12/31/2003
Equities*	17,748	18,698	16,799
Other financial fixed assets	3	11	3
Other current assets	102	492	87
Cash and cash equivalents	473	1,214	410
<b>Total assets</b>	<b>18,326</b>	<b>20,415</b>	<b>17,299</b>
Shareholders' equity	14,022	16,037	13,930
Provisions	47	47	49
Long-term interest-bearing liabilities	2,297	2,540	2,215
Current noninterest-bearing liabilities	397	357	379
Current interest-bearing liabilities	1,563	1,434	726
<b>Total shareholders' equity and liabilities</b>	<b>18,326</b>	<b>20,415</b>	<b>17,299</b>
*Market value of shares, according to table on page 8	36,921	25,541	32,890
Change during the period, %	12	-3	25

## Change in Parent Company's Shareholders' Equity

SEK M	Capital stock	Share premium reserve	Statutory reserve	Unrestricted shareholders' equity	Total shareholders' equity
Amount at December 31, 2003	966	342	720	11,902	13,930
Net earnings for the period	–	–	–	92	92
<b>Amount at March 31, 2004</b>	<b>966</b>	<b>342</b>	<b>720</b>	<b>11,994</b>	<b>14,022</b>
Amount at December 31, 2002	966	342	720	13,567	15,595
Merger profit	–	–	–	507	507
Net earnings for the period	–	–	–	-65	-65
<b>Amount at March 31, 2003</b>	<b>966</b>	<b>342</b>	<b>720</b>	<b>14,009</b>	<b>16,037</b>

## Parent Company Statement of Cash Flows

SEK M	2004 Jan.–March	2003 Jan.–March	2003 Jan.–Dec.
<b>OPERATING ACTIVITIES</b>			
Dividend income from stocks	3	3	849
Cash flow from changes in working capital	-7	81	-7
Management costs paid	-23	-20	-75
Financial items, net	-37	-55	-208
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-64</b>	9	559
<b>INVESTING ACTIVITIES</b>			
Net purchase/sale of listed stocks	-820	-561	-79
Net purchase/sale of equity derivatives	42	49	68
Net purchase/sale of other stocks	–	576	576
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-778</b>	64	565
<b>FINANCING ACTIVITIES</b>			
Loans raised and amortization of debt	1,045	-502	-1,493
Change in financing of subsidiaries	-140	-132	177
Dividends paid out	–	–	-1,120
Payment of shareholder contribution	–	-50	-103
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>905</b>	-684	-2,539
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>63</b>	-611	-1,415
<b>Cash and cash equivalents at beginning of year</b>	<b>410</b>	1,825	1,825
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>473</b>	1,214	410

### Change in interest-bearing net debt

SEK M	March 31 2004	Cash flow	Change in loans	Other changes	Dec. 31 2003
Cash and cash equivalents	473	63	–	–	410
Interest-bearing receivables	92	–	14	–	78
Long-term interest-bearing liabilities	2,297	–	82	–	2,215
Current interest-bearing liabilities	1,563	–	837	–	726
Interest-bearing pension provisions	47	–	–	-2	49
<b>Interest-bearing net debt</b>	<b>3,342</b>	-63	905	-2	2,502
Less: liabilities to subsidiaries	-15	–	35	–	-50
<b>Net interest-bearing liabilities</b>	<b>3,327</b>	-63	940	-2	2,452
Market value of equities portfolio	36,921				32,890
Net debt-equity ratio, %	9.0				7.4

## Equities Portfolio as per March 31, 2004

Company	No. of shares	Market value		% of portfolio value	% of capital in company	% of votes in company
		SEK M	SEK per share			
Handelsbanken A	55,984,800	7,978	41	22	7.8	8.5
Ericsson A	186,000,000	7,902	41	22	2.3	27.7
Ericsson B	178,737,276					
SCA A	16,982,000	6,334	33	17	9.0	29.1
SCA B	4,224,600					
Sandvik	21,808,000	5,245	27	14	8.3	8.3
Skanska A	17,302,756	2,131	11	6	8.0	27.2
Skanska B	16,000,000					
Indutrade		1,966	10	5	100.0	100.0
SSAB A	13,112,600	1,737	9	5	13.0	17.0
Scania A	2,271,000	685	4	2	1.5	2.1
Scania B	731,200					
Munters	3,219,350	599	3	2	12.9	12.9
Pfizer Inc.	2,017,500	536	3	1	0.0	0.0
Volvo A	1,440,700	478	2	1	0.4	0.9
Volvo B	526,400					
Isaberg Rapid		375	2	1	100.0	100.0
Ossur hf	52,000,000	278	2	1	15.8	15.8
Nokia	1,400,000	214	1	0	0.0	0.0
Others		463	2	1		
<b>Total</b>		<b>36,921</b>	<b>191</b>	<b>100</b>		

Valuation of the wholly owned subsidiaries is provided in the definition below.

## Definitions

### Interest-bearing net debt

Interest-bearing liabilities and pension provisions less cash and cash equivalents and interest-bearing receivables.

### Market value of equities portfolio

The market value of the equities portfolio is defined as the market value of the listed portfolio and the estimated value of the operating subsidiaries Indutrade and Isaberg Rapid (according to a P/E multiple of 13 based on forecast earnings for 2004), and shareholders' equity for other shareholdings.

### Net asset value

The market value of the Parent Company's equities portfolio less net debt.

### Net asset value including reinvested dividends

The development of net asset value including reinvested dividends after tax, recalculated taking into account the development of the listed portfolio. This gives a measure of how net asset value would

have developed if Industrivärden had not paid any dividends and thereby had taxable earnings, since dividends rendered are tax-deductible.

### Net debt

Net debt is defined as the Parent Company's interest-bearing net debt and noninterest-bearing liabilities less noninterest-bearing receivables.

### Net debt-equity ratio

The Parent Company's interest-bearing net debt, adjusted for liabilities to subsidiaries, in relation to the market value of the Parent Company's equities portfolio.

### Total return

Price trend (SAX) plus reinvested dividends.



## Industrivärden Consolidated Income Statement

SEK M	2004 Jan.–March	2003 Jan.–March	2003 Jan.–Dec.
<b>Portfolio management</b>			
Dividend income from stocks	3	3	850
Earnings from equities transactions	134	6	-1,486
Earnings from derivative transactions	15	-1	101
Other income and expenses	-1	-3	-3
<b>Earnings from portfolio management</b>	<b>151</b>	<b>5</b>	<b>-538</b>
<b>Operating companies</b>			
Net sales	1,066	995	4,075
Cost of goods sold	-719	-649	-2,695
Development costs	-8	-9	-33
Selling costs	-227	-215	-856
Administrative costs	-63	-64	-246
Other operating income and expenses	2	1	-1
<b>Earnings from operating companies</b>	<b>51</b>	<b>59</b>	<b>244</b>
<b>Management costs</b>	<b>-21</b>	<b>-22</b>	<b>-80</b>
<b>Operating earnings</b>	<b>181</b>	<b>42</b>	<b>-374</b>
Interest income	3	19	33
Interest expenses	-44	-59	-286
Other financial items	3	2	4
<b>Earnings after financial items</b>	<b>143</b>	<b>4</b>	<b>-623</b>
<b>Result of associate accounting*</b>	<b>164</b>	<b>-6</b>	<b>9</b>
Tax	-17	-20	-253
Minority share in net earnings for the period	-	0	-
<b>Net earnings for the period</b>	<b>290</b>	<b>-22</b>	<b>-867</b>
<b>*Adjustments pertaining to the equity method</b>			
Dividend income from associated companies	-	-	-249
Share in associated companies' earnings	209	8	497
Adjustment of acquisition value pertaining to divested associated companies	35	-	0
Tax pertaining to associated companies	-80	-14	-239
<b>Result of associate accounting</b>	<b>164</b>	<b>-6</b>	<b>9</b>
Depreciation included in operating earnings	34	34	135
Earnings per share, SEK <sup>3</sup>	1.50	-0.11	-4.49
<b>Breakdown by business unit</b>			
<b>Net sales</b>			
Indutrade	841	745	3,197
Isaberg Rapid	225	250	877
Other, net	0	0	1
<b>Total, operating companies</b>	<b>1,066</b>	<b>995</b>	<b>4,075</b>
<b>Earnings after financial items</b>			
<b>Portfolio management<sup>4</sup></b>	<b>97</b>	<b>-53</b>	<b>-849</b>
Indutrade	42	32	182
Isaberg Rapid	4	24	49
Other, net	0	1	-5
<b>Total operating companies</b>	<b>46</b>	<b>57</b>	<b>226</b>
<b>Group</b>	<b>143</b>	<b>4</b>	<b>-623</b>

<sup>3</sup> Earnings for the period divided by 193,135,612 shares.

<sup>4</sup> Parent Company and other portfolio management companies

## Industrivärden Consolidated Balance Sheet

SEK M	3/31/2004	3/31/2003	12/31/2003
Intangible assets	252	225	259
Tangible assets	524	541	532
Equities	11,122	12,855	10,403
Shares in associated companies	8,233	7,419	7,720
Other financial fixed assets	26	25	13
Inventories	750	770	734
Accounts receivable, trade	712	679	627
Other current assets	262	126	104
Cash and cash equivalents	705	1,478	683
<b>Total assets</b>	<b>22,586</b>	<b>24,118</b>	<b>21,075</b>
Shareholders' equity	16,811	18,550	16,413
Minority shares	–	1	–
Provisions	266	231	244
Long-term noninterest-bearing liabilities	–	9	–
Long-term interest-bearing liabilities	2,720	2,800	2,632
Current noninterest-bearing liabilities	1,120	1,065	1,058
Current interest-bearing liabilities	1,669	1,462	728
<b>Total shareholders' equity and liabilities</b>	<b>22,586</b>	<b>24,118</b>	<b>21,075</b>

## Change in Consolidated Shareholders' Equity

SEK M	Capital stock	Restricted reserves	Equity method reserve	Unrestricted reserve	Total shareholders' equity
Shareholders' equity according to adopted balance sheet at December 31, 2003	966	1,275	3,109	11,063	16,413
Effect of new accounting principles	–	–	–	-17	-17
Opening shareholders' equity according to adjusted balance sheet	966	1,275	3,109	11,046	16,396
Transfers between unrestricted and restricted shareholders' equity	–	0	–	0	–
Translation differences	–	0	–	6	6
Effect of associated companies on earnings for the period	–	–	–	-164	-164
Provision to equity method reserve	–	–	185	98	283
Net earnings for the period	–	–	–	290	290
<b>Amount at March 31, 2004</b>	<b>966</b>	<b>1,275</b>	<b>3,294</b>	<b>11,276</b>	<b>16,811</b>
Shareholders' equity according to adopted balance sheet at December 31, 2002	966	1,265	–	14,408	16,639
Effect of new accounting principles	–	–	2,961	-871	2,090
Opening shareholders' equity according to adjusted balance sheet	966	1,265	2,961	13,537	18,729
Transfers between unrestricted and restricted shareholders' equity	–	-3	–	3	–
Translation differences	–	0	–	-2	-2
Effect of associated companies on earnings for the period	–	–	–	6	6
Provision to equity method reserve	–	–	80	-241	-161
Net earnings for the period	–	–	–	-22	-22
Amount at March 31, 2003	966	1,262	3,041	13,281	18,550

## Industrivärden Consolidated Statement of Cash Flows

SEK M	2004 Jan.–March	2003 Jan.–March	2003 Jan.–Dec.
<b>OPERATING ACTIVITIES</b>			
Operating cash flow from portfolio management	-12	76	832
Operating cash flow from operating companies	-27	-33	215
Management costs paid	-23	-20	-75
Financial items, net	-41	-59	-205
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-103</b>	-36	767
<b>INVESTING ACTIVITIES</b>			
Cash flow from investments in portfolio management	-895	-514	25
Cash flow from investments in operating companies	-11	-6	-118
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-906</b>	-520	-93
<b>FINANCING ACTIVITIES</b>			
Loans raised and amortization of debt	1,029	-93	-995
Dividends paid out	–	–	-1,120
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,029</b>	-93	-2,115
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>20</b>	-649	-1,441
<b>Cash and cash equivalents at beginning of year</b>	<b>683</b>	2,127	2,127
<b>Exchange rate difference in cash and cash equivalents</b>	<b>2</b>	0	-3
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>705</b>	1,478	683

### Change in interest-bearing net debt

SEK M	March 31 2004	Cash flow	Change in loans	Other changes	Dec. 31 2003
Cash and cash equivalents	705	20	–	2	683
Long-term interest-bearing liabilities	2,720	–	88	–	2,632
Current interest-bearing liabilities	1,669	–	941	–	728
Interest-bearing pension provisions	183	–	–	29	154
<b>Interest-bearing net debt</b>	<b>3,867</b>	-20	1,029	27	2,831

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