

Interim Report

January 1 – March 31, 2005

- **IndustriVärden's net asset value was SEK 35,771 M on April 29, 2005, compared with SEK 36,563 M at the start of the year. Net asset value on March 31, 2005, was SEK 36,557 M (33,209).**
- **Net asset value per share on April 29, 2005, was SEK 185, compared with SEK 189 per share at the start of the year. Including reinvested dividends, net asset value was SEK 191 per share. Net asset value on March 31, 2005, was SEK 189 per share (172).** Average annual growth in net asset value over the last ten-year period, including reinvested dividends, was 16%. Earnings per share during the first three months of 2005 were SEK 0.06 (15.54).
- **The total return for IndustriVärden's stock during the first four months of the year was -5%, compared with 5% for the return index.** During the last ten-year period the average annual total return was 5 percentage points higher than the return index.
- **In the end of April the Board of Directors decided to proceed with a stock market introduction of the subsidiary Indutrade during the second half of 2005.**

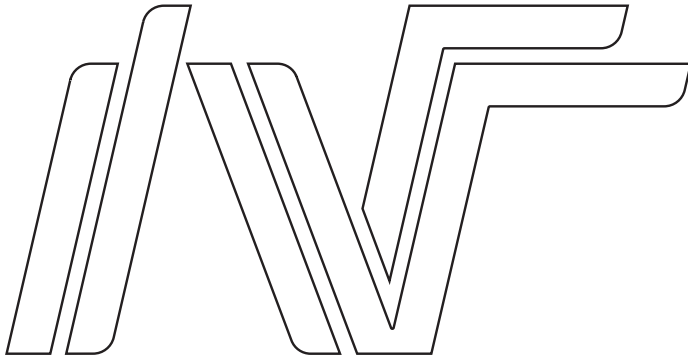
IndustriVärden in Summary

	Change, % Jan. 1-Apr. 29	Average annual change, %	
		Five years, Apr. 00-Apr. 05	Ten years Apr. 95-Apr. 05
Total return			
Total return for IndustriVärden's stock	-5	-1	18
Return index (SIXRX)	5	-5	13
Excess return, IndustriVärden	-10	4	5
Net asset value			
Net asset value	-2	-12	9
Net asset value incl. reinvested dividends	1	-6	16



Composition of Net Asset Value

	SEK billion			SEK per share		
	2005 April 29	2005 March 31	2004 Dec. 31	2005 April 29	2005 March 31	2004 Dec. 31
Parent Company						
Equities portfolio	41.1	41.8	41.7	213	216	216
Net debt	-5.3	-5.2	-5.1	-28	-27	-27
Net asset value	35.8	36.6	36.6	185	189	189



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. Based on this, the aim is to deliver a total return to Industrivärden's shareholders that is higher, over time, than the average for the Stockholm Stock Exchange. For more information, visit our website: www.industrivarden.net.

CEO's Message

The trend in the world economy remains favorable, despite signs of a slight slowdown primarily in the U.S. and Japanese economies. The euro area continues to lag behind in an otherwise relatively favorable global trend. Even though we have probably passed a high point in the economy, it appears that the years immediately ahead will provide continued favorable conditions for our portfolio companies, with relatively good growth and low interest rates. However, prices of raw materials as well as oil are uncertainty factors.

Our portfolio companies have leading global market positions and are strongly positioned to capitalize on this relatively favorable situation. However, this requires continued focus on internal efficiency. In the current situation, many logical expansion acquisitions are difficult to achieve for public companies, which are valued in a different manner than companies that are bought and sold in the private equity sector. This difference in valuation is a result of different valuation systems and a strong appetite for risk in the private equity sector resulting from very liquid credit markets. This difference should even out over time, however.

During this year we have acquired additional shares in SCA worth approximately SEK 700 M at prices that we consider to be attractive.

In late April Industrivärden's board decided to proceed with a stock market introduction of the subsidiary Indutrade during the second half of 2005. This decision is entirely in line with our strategy to work as active owners with a transparent portfolio of listed Nordic companies. The trading company Indutrade has experienced favorable development for many years. Listing the company will open new opportunities for it at the same time that Industrivärden will remain as an active owner with an approximate 35% stake in a company with bright future prospects.

During the first quarter we achieved our ambition of covering our management costs through our short-term equity and derivative trading. The profit generated by these activities was SEK 37 M, compared with our management costs, which were unchanged at SEK 20 M.

This quarterly report is the first to be prepared in accordance with the new International Financial Reporting Standards (IFRS). The income statement thus includes all changes in the value of the equities portfolio, which is why fluctuations in earnings both upwards and downwards may be great in the near term. The net asset value reporting provided at the beginning of this interim report is therefore the most important tool for gauging Industrivärden's development.

ANDERS NYRÉN
President and CEO

NET ASSET VALUE

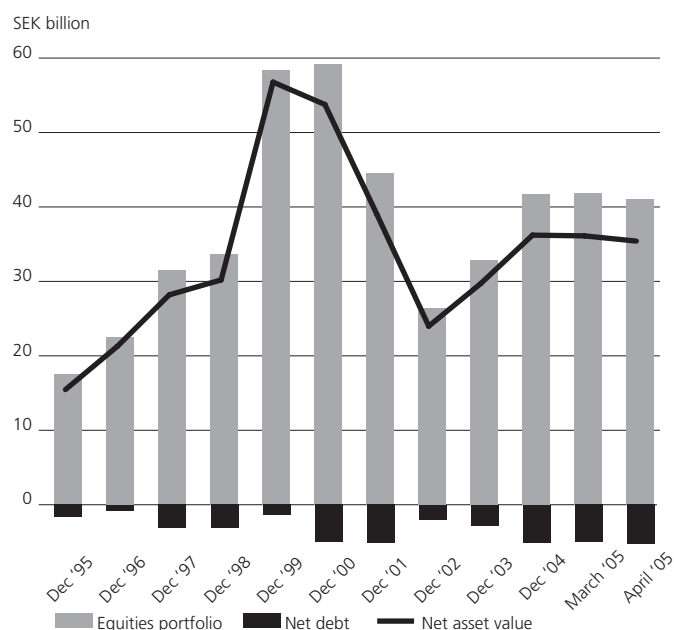
The average annual change in net asset value over the last ten-year period was 9%. Including reinvested dividends, the annual increase would have been 16%, compared with 13% for the return index.

Total growth in net asset value including reinvested dividends

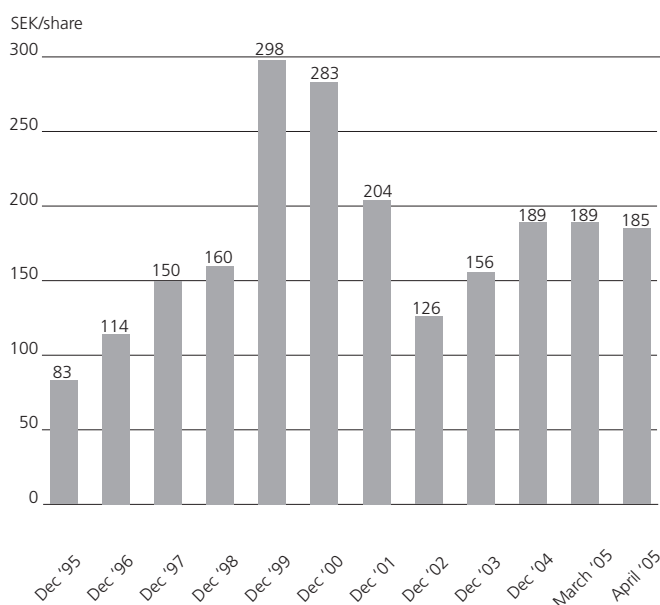
during the last ten-year period was 323%, compared with 242% for the return index.

Net asset value consists of the difference between the market value of the equities portfolio and net debt. Its development over the last ten-year period is shown in the charts below.

Development of Net Asset Value



Net Asset Value per Share



The value of Industrivärden's equities portfolio on March 31, 2005, was SEK 41,765 M. Stocks were purchased for SEK 361 M and sold for SEK 325 M.

Management costs amounted to SEK 20 M, which were covered by the surplus generated by derivative transactions and short-term equity trading, which amounted to SEK 37 M. Net financial items for portfolio management amounted to SEK -42 M. Overall, net debt increased by SEK 80 M, to SEK 5,208 M.

Net asset value at the end of March 2005 was SEK 36.6 billion, which was unchanged compared with the start of the year.

As per April 29, 2005, net asset value was SEK 35.8 billion, taking into account SEK 1,159 M in dividends rendered and SEK 1,275 M in dividends received from holdings in the equities portfolio.

Development of Net Asset Value, January 1–March 31, 2005 SEK M

Net asset value, Dec. 31, 2004	36,563
<i>Equities portfolio</i> Opening value	41,691
Purchases	361
Sales	-325
Change in value of existing portfolio ¹	38 74
Closing value	41,765
<i>Net debt</i> Opening value	-5,128
Management costs	-20
Net financial items	-42
Purchases/sales of stocks, net	-36
Other ¹	18 -80
Closing value	-5,208
Net asset value, March 31, 2005	36,557

¹ Includes a combined surplus of SEK 37 M from derivative transactions and short-term equity trading.

Equities Portfolio²

The market value of Industrivärden's equities portfolio on March 31, 2005, was SEK 41,765 M (SEK 41,691 M at the start of the year), which exceeded cost by SEK 21,895 M (SEK 21,660 M at the start of the year). See the detailed portfolio specification as per

March 31, 2005, on page 7. The market value on April 29, 2005, was SEK 41,062 M. Taking into account purchases and sales, the change in value was -3% since the start of the year.

Company	As per March 31, 2005		Total return, % Period, Jan 05-Mar. 05	Average annual total return, %		As per April 29, 2005	
	No. of shares	SEK M		Five years, Mar. 00-Mar. 05	Ten years, Mar. 95-Mar. 05	No. of shares	SEK M
Handelsbanken	66,364,100	11,083	-3	13	23	66,364,100	10,618
Sandvik	26,927,500	7,917	10	10	14	26,927,500	7,486
Ericsson	372,000,000	7,514	-7	-31	8	372,000,000	7,849
SCA	19,362,860	5,160	-7	9	13	21,029,660	5,266
Skanska	32,299,756	2,762	7	8	16	32,299,756	2,762
SSAB	14,094,550	2,474	10	17	14	14,163,150	2,323
Indutrade		2,022	-	-	-		2,022
Ossur hf	71,118,000	687	9	2	-	71,118,000	644
Munters	3,219,350	612	-5	14	-	3,269,000	554
Isaberg Rapid		290	-	-	-		290
Others		1,244					1,248
Total		41,765	0				41,062
Return index			5	-6	14		

Of the shareholdings listed above, Munters and Ossur have been held for less than five years, while Sandvik has been held for less than ten years. The valuations of the wholly owned subsidiaries Indutrade and Isaberg Rapid are explained in a definition on page 10.

Handelsbanken's net interest income and net commissions rose during the first quarter. However, operating profit was slightly lower than a year ago, mainly due to lower income from equity trading. Overheads increased slightly due to expansion abroad, among other things. Loan losses decreased further from low levels. The capital ratio remained high.

Sandvik achieved record earnings after net financial items in 2004 as a result of strong demand in all its business areas, higher market shares, greater capacity utilization and the completion of efficiency improvement measures. Operating profit improved for all three business areas. The Tooling and Materials Technology units both improved their operating profits by more than 60%. The return on capital employed was a record 19.4%. The interim report for the first quarter will be released on May 3.

Ericsson's income after financial items for the first quarter nearly doubled as a result of higher volumes, a favorable balance of products and continued focus on lower costs of goods sold. Ericsson's market share in mobile infrastructure equipment increased by 2-3 percentage points in 2004. The Professional Services area was awarded a major strategic contract in Italy. The global market for mobile systems is expected to grow somewhat in 2005 compared with 2004.

SCA's earnings after financial items decreased mainly due to pressure on prices in Europe and costs for ongoing efficiency improvement programs. The effect of higher delivery volumes has been offset by strong competitive pressure in SCA's most important product areas. However, the North American market is showing improved demand and rising prices in several product areas. The ongoing efficiency improvement program is expected to generate cost savings of slightly more than a billion kronor, with full effect starting in 2006.

Skanska's income after financial items rose during the first quarter, mainly due to higher gains on sales of commercial premises. Virtually all business units reported improved earnings. Margins in the core Construction operation and in the Residential Project Development operation improved during the period. The lower level of order bookings should be seen against the background of the very large contracts that were signed during the corresponding period a year ago.

SSAB's profit after financial items during the first quarter was very strong and slightly more than a billion kronor higher compared with the same period a year ago. The earnings increase is attributable to improved margins following price increases, which more than amply compensated for higher costs for trading products. Deliveries of ultra high strength steel sheet and quenched steel rose 15% during the quarter. A continued global rise in demand for steel is expected in 2005, although at a lower growth rate than in 2004.

² Pertains to the Parent Company's equities portfolio. Based on these holdings, derivative transactions are also conducted. Industrivärden also conducts short-term equity trading through the subsidiary Nordinvest, which had shareholdings with a market value of SEK 211 M on March 31, 2005.

Indutrade's earnings after financial items for the first three months of the year were level with the same period a year ago. Order bookings continued to be favorable, and the return on capital employed remained high.

Ossur reported earnings after financial items for the first quarter that were on a par with the same period a year ago, with continued high profitability.

Munters' earnings after financial items improved slightly during the first quarter, mainly in the Dehumidification segment. Additional efficiency improvement programs will be carried out within the Moisture Control Services (MCS) operations in Europe. The cost-cutting measures taken in 2004 have had the intended effect.

Isaberg Rapid reported poorer earnings after financial items for the first three months.

Equity Transactions During the Year

During the first quarter of 2005, purchases of stocks totaled SEK 361 M and sales totaled SEK 325 M. Major purchases consisted of 981,300 SCA B and 6,000,000 Ossur hf. Major sales consisted of 1,000,000 Pfizer Inc. (the entire holding) and 1,293,000 Nokia. Purchases and sales of listed stocks during the first three months of 2005 are shown in the table below.

Purchases	No. of shares	SEK M
SCA B	981,300	259
Ossur hf	6,000,000	57
Other		45
Total		361

Sales	No. of shares	SEK M
Pfizer Inc. (entire shareholding)	1,000,000	170
Nokia	1,293,000	145
Other		10
Total		325

After the end of the reporting period, from April 1 through April 29, 2005, stocks were purchased for a total of SEK 524 M and sold for SEK 77 M. Major net purchases consisted of 1,666,800 SCA B.

Derivative Transactions and Short-Term Equity Trading

A profit of SEK 37 M was generated from derivative transactions by the Parent Company and short-term equity trading by Nordinvest.

Net Debt

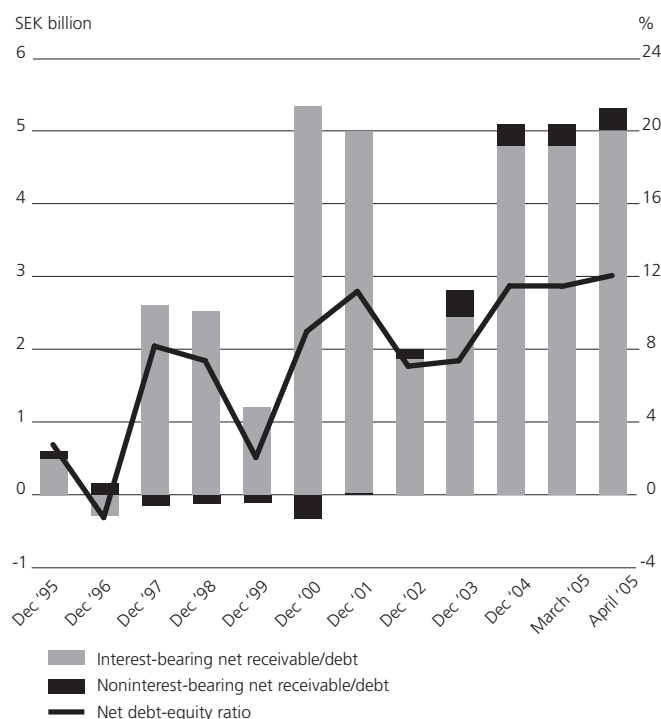
The Parent Company's net debt was SEK 5.2 billion on March 31, 2005, including SEK 4.9 billion in interest-bearing net debt, corresponding to a net debt-equity ratio of 11.7% (11.5% at the start of the year), as shown in the specification below.

Net debt as per April 29, 2005, was SEK 5.3 billion, including SEK 5.0 billion in interest-bearing net debt. Interest-bearing net debt increased by SEK 0.2 billion since the start of the year. The net debt-equity ratio was 12.1%.

Change in Interest-Bearing Net Debt

SEK M	March 31 2005	Change	Dec. 31 2004
Cash and cash equivalents	483	30	453
Current interest-bearing receivables	182	-176	358
Long-term interest-bearing liabilities	4,500	398	4,102
Current interest-bearing liabilities	1,176	-474	1,650
	5,011	70	4,941
Less: liabilities to subsidiaries	-121	22	-143
Interest-bearing net debt	4,890	92	4,798
Market value of equities portfolio	41,765		41,691
Net debt-equity ratio, %	11.7		11.5

Debt-Equity Ratio



EARNINGS

Consolidated earnings from portfolio management amounted to SEK 40 M (3,025), including SEK 0 M (3) in dividend income, SEK 3 M (2,994) in change in value of stocks, SEK 37 M (29) from derivative transactions and short-term equity trading, and SEK 0 M (-1) in other income and expenses. Earnings from operating companies amounted to SEK 56 M (61), and after SEK -20 M (-21) in management costs and SEK -48 M (-47) in net financial items, earnings after financial items were SEK 28 M (3,018).

The Group's interest-bearing net debt amounted to SEK 5.4 billion as per March 31, 2005, which is unchanged compared with the start of the year.

OTHER INFORMATION

Accounting Principles

Starting on January 1, 2005, Industrivärden's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report for the first quarter of 2005 is thus the first report that the company is presenting in accordance with IAS 34. Industrivärden applied the recommendations and pronouncements issued by the Swedish Financial Accounting Standards Council through 2004. The transition to IFRS is reported in accordance with IFRS 1, which is why the transition date is January 1, 2004, since the comparison year, 2004, is also presented in accordance with IFRS.

The accounting principles that have the greatest impact on Industrivärden's reporting are IAS 39 Financial Instruments: Recognition and Measurement, which concerns the measurement of financial instruments at fair value, and IAS 28 Investments in Associates, which covers the reporting of holdings in associated companies. The effect of these reporting standards on the accounting and on Industrivärden's earnings and financial position, initially as well as on a continuing basis, as well as other changes in accounting principles associated with the introduction of IFRS, is shown in Appendix 1 on pages 11-12 of this interim report. In addition, Industrivärden has previously provided a detailed description of the effects of the introduction of IFRS, in the 2004 Year-End Report and the 2004 Annual Report.

Stockholm, May 3, 2005

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,

2005, in accordance with the recommendation issued by FAR (the Swedish Institute of Authorized Public Accountants).

A general examination is limited to discussion 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 and IAS 34.

Stockholm, May 3, 2005

Öhrlings PricewaterhouseCoopers AB

INGVAR PRAMHÄLL

Authorized Public Accountant

Decisions Made at the Annual General Meeting on April 20, 2005

Industrivärden's Annual General Meeting was held on April 20 at the Grand Hotel in Stockholm, where the following decisions were made:

- The Annual General Meeting approved the dividend of SEK 6.00 per share. The record date for payment of the dividend was set at April 25, and dividend payments were made via VPC on April 28.
- Boel Flodgren, Tom Hedelius, Finn Johnsson, Fredrik Lundberg, Sverker Martin-Löf, Arne Mårtensson, Lennart Nilsson and Anders Nyrén were reelected as directors on Industrivärden's board. Tom Hedelius was elected as Chairman of the Board.
- 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 the next election of directors.

The composition of the nominating committee shall be announced not later than six months before the 2006 Annual General Meeting.

Decision at the statutory board meeting:

- At the statutory board meeting, Sverker Martin-Löf was named Vice Chairman of the Board.

CEO Anders Nyrén's address to the Annual General Meeting is available upon request from the company and on the company's website, at: [www.industrivarden.net/Investor Relations/AGM](http://www.industrivarden.net/Investor%20Relations/AGM).

Further Information

Anders Nyrén, President and CEO, tel. +46 8 666 64 00
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Industrivärden's complete contact information can be found on page 1.

Financial Calendar

Interim report January-June: August 4, 2005
Interim report January-September: October 31, 2005
Year-end report: February 16, 2006
The 2005 Annual Report will be published in mid-March 2006.

Parent Company's Equities Portfolio

Holdings as per March 31, 2005	No. of shares	Value breakdown				Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		Market value		Cost SEK M	Surplus value SEK M			
		SEK M	SEK/share					
Handelsbanken A	66,364,100	11,083	57	4,405	6,678	26	9.6	10.1
Sandvik	26,927,500	7,917	41	5,463	2,454	19	10.2	10.2
Ericsson A	372,000,000	7,514	39	3,125	4,389	18	2.3	13.3
SCA A	16,982,000	5,160	27	1,348	3,812	12	8.2	28.7
SCA B	2,380,860							
Skanska A	17,302,756	2,762	14	1,579	1,183	7	7.7	28.6
Skanska B	14,997,000							
SSAB A	14,094,550	2,474	13	883	1,591	6	14.0	18.3
Indutrade		2,022	10	746	1,276	5	100.0	100.0
Volvo A	1,821,700	689	4	506	183	2	0.5	1.1
Volvo B	444,120							
Ossur hf	71,118,000	687	4	421	266	2	22.3	22.3
Munters	3,219,350	612	3	581	31	2	12.9	12.9
Isaberg Rapid		290	1	203	87	0	100.0	100.0
Other		555	3	610	-55	1		
Total as per March 31, 2005		41,765	216	19,870	21,895	100		

Valuation of the wholly owned subsidiaries Indutrade and Isaberg Rapid is provided in a definition on page 10.

Total number of Industrivärden shares outstanding: 193,135,612.

Holdings as per Dec. 31, 2004	No. of shares	Value breakdown				Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		Market value		Cost SEK M	Surplus value SEK M			
		SEK M	SEK/share					
Handelsbanken A	66,364,100	11,481	59	4,405	7,076	28	9.6	10.1
Ericsson A	372,000,000	8,072	42	3,125	4,947	19	2.3	13.3
Sandvik	26,953,500	7,224	38	5,468	1,756	17	10.2	10.2
SCA A	16,982,000	5,254	27	1,088	4,166	13	7.8	28.5
SCA B	1,399,960							
Skanska A	17,302,756	2,576	13	1,580	996	6	7.7	28.6
Skanska B	15,000,000							
SSAB A	14,113,750	2,258	12	885	1,373	5	14.0	18.3
Indutrade		2,022	10	693	1,329	5	100.0	100.0
Munters	3,219,350	644	3	581	63	2	12.9	12.9
Volvo A	1,821,700	579	3	506	73	2	0.5	1.1
Volvo B	444,120							
Ossur hf	65,118,000	537	3	363	174	1	20.4	20.4
Isaberg Rapid		290	2	193	97	1	100.0	100.0
Pfizer Inc.	1,000,000	178	1	300	-122	0	0.0	0.0
Other		576	3	844	-268	1		
Total as per December 31, 2004		41,691	216	20,031	21,660	100		

Industrivärden Consolidated Income Statement

SEK M	2005 Jan.–March	2004 Jan.–March	2004 Jan.–Dec
Portfolio management			
Dividend income from stocks	0	3	1,032
Change in value of stocks	3	2,994	6,427
Derivative transactions and short-term equity trading	37	29	106
Other income and expenses	0	-1	-8
Earnings from portfolio management	40	3,025	7,557
Operating companies³			
Net sales	1,046	1,066	4,348
Cost of goods sold	-701	-714	-2,924
Development costs	-10	-8	-42
Selling costs	-221	-222	-851
Administrative costs	-59	-63	-263
Other operating income and expenses	1	2	-2
Earnings from operating companies	56	61	266
Management costs			
	-20	-21	-80
Operating earnings	76	3,065	7,743
Interest income	5	3	11
Interest expenses	-62	-44	-211
Other financial items	9	-6	27
Earnings after financial items	28	3,018	7,570
Tax⁴	-17	-17	-84
Net earnings for the period*	11	3,001	7,486
Depreciation included in operating earnings	22	24	95
Earnings per share, SEK ⁵	0.06	15.54	38.76
Breakdown by business unit			
Net sales			
Indutrade	828	841	3,486
Isaberg Rapid	218	225	861
Other, net	0	0	1
Total, operating companies	1,046	1,066	4,348
Earnings after financial items			
Portfolio management			
	-23	2,962	7,326
Indutrade	50	50	243
Isaberg Rapid	0	6	1
Other, net	1	0	0
Total, operating companies	51	56	244
Group	28	3,018	7,570
*Effect of introduction of IFRS on reported earnings			
Reported net earnings according to previous accounting principles		290	1,557
Effect of introduction of IFRS:			
Change in value of equities (IAS 39)		2,863	6,066
Fair valuation of equity derivatives (IAS 39)		11	3
Reversal of goodwill amortization (IFRS 3)		10	37
Impairment of goodwill (IAS 36)		-	-2
Fair valuation of other financial instruments (IAS 39)		-9	28
Discontinuation of associate accounting (IAS 28)		-164	-203
Total IFRS effects		2,711	5,929
Net earnings for the period according to IFRS		3,001	7,486

³ The decision has been made to proceed with a stock market introduction of Indutrade, which is included in the accounts as follows.

	Q1:2005	2004
Net sales	828	3,486
Expenses	-778	-3,243
Earnings after financial items	50	243
Tax	-15	-50
Net earnings for the period	35	193
Effect on net cash flow for the period	22	-71

⁴ All tax pertains to wholly owned subsidiaries.

⁵ Net earnings for the period divided by 193,135,612 shares.

Industrivärden Consolidated Balance Sheet

SEK M	March 31 2005	March 31 2004	Dec. 31 2004
Intangible fixed assets	258	262	256
Tangible fixed assets	517	554	521
Equities	39,233	34,327	39,190
Other financial fixed assets	25	26	24
Inventories	773	750	747
Accounts receivable, trade	682	712	667
Other current assets	394	371	532
Cash and cash equivalents	673	705	625
Total assets	42,555	37,707	42,562
Shareholders' equity	35,198	31,785	35,181
Long-term noninterest-bearing liabilities	53	58	53
Long-term interest-bearing liabilities	4,911	2,934	4,513
Current noninterest-bearing liabilities	1,138	1,161	1,115
Current interest-bearing liabilities	1,255	1,769	1,700
Total shareholders' equity and liabilities	42,555	37,707	42,562

Change in Consolidated Shareholders' Equity

SEK M	2005 Jan.–March	2004 Jan.–March	2004 Jan.–Dec.
Opening shareholders' equity according to previous accounting principles	35,181	16,413	16,413
Effect of new accounting principles*		12,366	12,366
Opening shareholders' equity	35,181	28,779	28,779
Dividend to shareholders	–	–	-1,062
Actuarial pension effects	–	–	-14
Translation differences	6	5	-8
Net earnings for the period	11	3,001	7,486
Closing shareholders' equity	35,198	31,785	35,181
Shareholders' equity per share, SEK	182	165	182

*Effect of new accounting principles as per January 1, 2004

Fair valuation of equities (IAS 39)		14,165	14,165
Fair valuation of other financial instruments (IAS 39)		-5	-5
Effect of discontinuation of associate accounting (IAS 28)		-1,777	-1,777
Effect of introduction of pension reporting (IAS 19)		-17	-17
		12,366	12,366

Industrivärden Consolidated Statement of Cash Flows

SEK M	2005 Jan.–March	2004 Jan.–March	2004 Jan.–Dec.
OPERATING ACTIVITIES			
Operating cash flow from portfolio management	89	-87	840
Operating cash flow from operating companies	4	-27	295
Management costs paid	-22	-23	-76
Financial items, net	-53	-41	-179
CASH FLOW FROM OPERATING ACTIVITIES	18	-178	880
INVESTING ACTIVITIES			
Cash flow from investments in portfolio management ⁶	-36	-820	-2,247
Cash flow from investments in operating companies	-16	-11	-75
CASH FLOW FROM INVESTING ACTIVITIES	-52	-831	-2,322
FINANCING ACTIVITIES			
Loans raised and amortization of debt	80	1,029	2,447
Dividend paid out	–	–	-1,062
CASH FLOW FROM FINANCING ACTIVITIES	80	1,029	1,385
NET CASH FLOW FOR THE PERIOD	46	20	-57
Cash and cash equivalents at start of year	625	683	683
Exchange rate difference in cash and cash equivalents	2	2	-1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	673	705	625

⁶ Pertains to changes in the Parent Company's equities portfolio.

Change in Interest-Bearing Net Debt

SEK M	2005 Jan.–March	2004 Jan.–March	2004 Jan.–Dec.
Interest-bearing net debt at start of year	5,412	2,872	2,872
Net cash flow for the period	-46	-20	57
Change in borrowings	80	1,029	2,447
Other changes	-2	16	36
Interest-bearing net debt at end of period	5,444	3,897	5,412

Definitions

Change in value of equities

For equities held at both the start and end of the period, the change in market value consists of the difference in value between these two occasions. For equities sold during the period, the change in market value consists of the difference between the value at the start of the period and the payment received. For equities acquired during the period, the change in market value consists of the difference between the cost of the equities and their value at the end of the period.

Interest-bearing net debt

Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables, and for the Parent Company, also adjusted for liabilities to subsidiaries.

Market value of equities portfolio

The market value of the equities portfolio is defined as the market value of the listed portfolio (based on the market price on the balance sheet date) and the estimated fair value of the operating subsidiaries Indutrade and Isaberg Rapid (using a P/E multiple of 13 based on 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 and noninterest-bearing net debt.

Net debt-equity ratio

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

Total return

Price trend plus reinvested dividends.

TRANSITION TO REPORTING IN ACCORDANCE WITH IFRS

Starting on January 1, 2005, new international reporting standards have been introduced which are compulsory for Swedish listed companies to apply in their consolidated accounting. These are called the International Financial Reporting Standards (IFRS).

Industrivärden reports according to IFRS starting with this interim report, with adjusted comparison figures for the corresponding period in 2004 (voluntary for financial instruments, IAS 39). This is being done to achieve full comparability between reporting periods. The initial effect of the transition to IFRS as per January 1, 2004, is reported as an adjustment directly against shareholders' equity. The transition to IFRS is being treated in accordance with IFRS 1.

The new reporting standards that have the greatest impact on Industrivärden's accounting are IAS 39, pertaining to the measurement of financial instruments at market (fair) value, and IAS 28, pertaining to the reporting of investments in associates. These standards govern the valuation principles for the equity and debt portfolios. IAS 19 Employee Benefits and IFRS 3, which concerns reporting of goodwill, among other things, also have some effects on the accounting. Other standards, compared with the recommendations issued by the Swedish Financial Accounting Standards Council, etc. (described in the 2004 Annual Report) have no or only a marginal effect on the Industrivärden Group's earnings and financial position. The financial statements presented in this interim report are based on International Financial Reporting Standards in their current form. Changes and interpretations may be published in 2005 that could affect the final reporting.

Valuation of the Financial Instruments

IAS 39 Financial Instruments: Recognition and Measurement stipulates – among other things – that in the consolidated financial statements, most financial instruments are to be measured at fair value as per the balance sheet date. Listed stocks are valued at their market price on the balance sheet date, and equity derivatives are measured at their current market value.

At the Group level, Industrivärden has reported the continuing changes in the market value of all listed shareholdings in the income statement. In accordance with IAS 28, point 1, listed associated companies have also been reported in the same manner. Thus associated companies will no longer be reported in accordance with the equity method, but in a manner that is more equitable for holding companies.

Shares in subsidiaries are not measured at fair value according to IAS 39. As previously, these are consolidated according to the purchase method.

Reporting of changes in the market value of listed equities through the income statement will entail that compatibility is largely achieved in the accounting with reported changes in net asset value as well as that shareholders' equity will largely be in agreement with reported net asset value. The balance sheet item that deviates the most from net asset value is shares in subsidiaries, which may not be measured at fair value in the consolidated financial statements. This entailed that adjusted reported shareholders' equity on December 31, 2004, was less than net asset value in the amount of approximately SEK 1.4 billion.

Other financial instruments, such as currency and interest rate swaps, which are used to lower the level of uncertainty in the debt portfolio, are used to a limited extent and had a total earnings effect of SEK 28 M, based on a fair valuation as per December 31, 2004.

Reporting of Employee Benefits

IAS 19 governs, among other things, reporting of pensions. Industrivärden has opted to fully report actuarial gains and losses in pension calculations directly against shareholders' equity during the period in which they are incurred.

Reporting of Goodwill

IFRS 3 prescribes that goodwill may no longer be amortized. Instead, the need for any impairment is tested at least once a year. Impairment is to be recognized if the reported value exceeds the recoverable value. Industrivärden performed tests for impairment as per January 1, 2004, and December 31, 2004. According to the previous accounting principles, goodwill was amortized over estimated useful life. As a consequence of IFRS 3, the goodwill amortized in 2004 must be reversed in the income statement when preparing the IFRS financial statements for 2004. However, goodwill amortization prior to January 1, 2004, does not have to be reversed. A total of SEK 37 M in amortized goodwill was reversed for 2004, of which SEK 18 M pertains to Cost of goods sold and SEK 19 M pertains to Selling costs.

2004 Financial Statements Restated According to IFRS

SEK M		According to	IFRS	According to
Consolidated Income Statement	Note	2004 AR	adjustment	IFRS 2004
Dividend income from stocks		1,036	-4	1,032
Earnings from equity transactions	1	395	-395	-
Change in value of stocks	2	-	6,461	6,461
Earnings from derivative transactions	3	69	3	72
Other income and expenses		-12	4	-8
Earnings from portfolio management		1,488	6,069	7,557
Earnings from operating companies	4	231	35	266
Management costs		-80	-	-80
Operating earnings		1,639	6,104	7,743
Financial income and expenses	5	-201	28	-173
Earnings after financial items		1,438	6,132	7,570
Result of associate accounting	6	203	-203	-
Tax		-84	-	-84
Net earnings for the year		1,557	5,929	7,486

		According to	IFRS	According to
Consolidated Balance Sheet	Note	12/31/04	adjustment	IFRS 12/31/04
Equities	7	14,989	24,201	39,190
Shares in associated companies	6	5,777	-5,777	-
Other fixed assets	4, 8, 9	730	71	801
Total fixed assets		21,496	18,495	39,991
Current assets	3, 5	2,478	93	2,571
Total assets		23,974	18,588	42,562
Shareholders' equity	6, 11	16,713	18,468	35,181
Provisions and liabilities	5, 8, 9, 10	7,261	120	7,381
Total shareholders' equity and liabilities		23,974	18,588	42,562

Adjustment of Opening Shareholders' Equity as Per 1/1/2004

SEK M		According to	IFRS	According to
Consolidated Balance Sheet	Note	2003 AR	adjustment	IFRS 1/1/04
Equities	7	10,403	20,109	30,512
Shares in associated companies	6	7,720	-7,720	-
Other fixed assets	5, 9	804	115	919
Total fixed assets		18,927	12,504	31,431
Current assets	3	2,148	2	2,150
Total assets		21,075	12,506	33,581
Shareholders' equity	6, 11	16,413	12,366	28,779
Provisions and liabilities	5, 9, 10	4,662	140	4,802
Total shareholders' equity and liabilities		21,075	12,506	33,581

Note 1. According to the previous reporting rules, earnings from equity transactions were calculated as the difference between the sales price and the original cost of the shares. According to IAS 39, the gain or loss from a sold listed stock is considered to correspond to the change in market value from the most recent accounting period until the date of sale. The change in the income statement is reported under the heading "Change in value of stocks," which means that no distinction is made between the change in the value of sold listed stocks and the change in value of the remaining portfolio of listed stocks (see note 2 below).

Note 2. The change in the market value of listed stocks is reported together with the change in the value of sold stocks as a separate item in the income statement.

Note 3. According to IAS 39, equity derivatives are to be measured at market value.

Note 4. According to IFRS 3, goodwill is to be tested at least once a year for impairment. Any need to recognize impairment is to be charged against earnings (IAS 36), otherwise the value of goodwill remains unchanged. Impairment of SEK -2 M was recognized.

Note 5. According to IAS 39, derivatives used to control exposure in the debt portfolio are to be measured at fair value in certain cases (currency and interest rate swaps).

Note 6. In reference to IAS 28 point 1, accounting for investments in associates will not be prepared; this was required under the previous rules.

Note 7. The item "Equities" includes listed stocks which, according to IAS 39, are to be measured at market value. According to previous rules, listed stocks which were not associated companies were reported collectively as a portfolio at the lower of cost or market.

Note 8. According to IAS 19, the total effect of actuarial gains and losses pertaining to pensions can be reported directly against shareholders' equity, taking into account deferred tax.

Note 9. According to IAS 17, all leasing agreements that are classified as finance leases are to be reported as such. Previously, finance leases of minor value were classified as operating leases.

Note 10. According to IFRS, "Provisions" are to be reclassified and presented as "Current liabilities" and "Long-term liabilities."

Note 11. According to IFRS, reported shareholders' equity is affected mainly by the market valuation of all listed stocks, while shares in subsidiaries may not be measured at fair value. This means that total shareholders' equity does not agree entirely with net asset value, which also includes an estimated fair value of subsidiaries.

Change in shareholders' equity	12/31/2004	1/1/2004
Opening shareholders' equity as per 1/1/2004 and 12/31/2003	28,779	16,413
Initial adjustment – change in market value of equities (IAS 39)		14,165
Initial adjustment – change in fair value of other financial instruments (IAS 39)		-5
Adjustment for discontinuation of associate accounting (IAS 28)		-1,777
Adjusted earnings 2004 according to IFRS (see 2004 income statement above)	7,486	
Actuarial pension effects (IAS 19)	-14	
Effect of introduction of pension reporting (IAS 19)		-17
Translation differences	-8	
Dividend paid, 2004	-1,062	
Closing adjusted shareholders' equity according to IFRS	35,181	28,779