

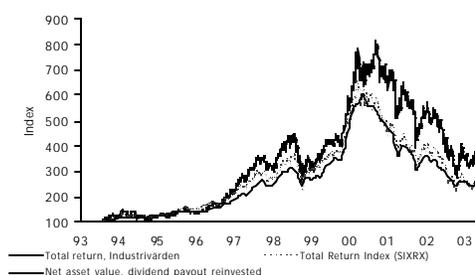
Interim Report

January 1 - June 30, 2003

- **Industrivärden's net asset value was SEK 27,682 M on August 4, an increase of SEK 3,267 M since year-end 2002. On June 30 the net asset value was SEK 25,642 M (29,645).**
- **Net asset value was SEK 144 per share as per August 4, compared with SEK 126 per share at the start of the year. On June 30 net asset value was SEK 133 per share (153). Average annual growth in net asset value over the last ten-year period was 8%.**
- **In the period from year-end 2002 through August 4, 2003, the total return for Industrivärden's stock was 29% or 11 percentage points higher than the Total Return Index. During the first half of the year, the total return was 15% (-19) compared with 11% (-22) for the Total Return Index. During the last ten-year period the average total return was 4 percentage points higher than the Total Return Index.**

Industrivärden in summary

	Development, % Jan. 1-Aug. 4	Average annual development, %	
		5 years, Aug. 98-Aug. 03	10 years, Aug. 93-Aug. 03
Total return			
Total return for Industrivärden's stock	29	1	16
Total return index (SIXRX)	18	-3	12
Premium return for Industrivärden	11	4	4
Net asset value			
Net asset value	14	-3	8
Net asset value, dividend payout reinvested at nominal value	19	1	11



Composition of net asset value

	SEK billion			SEK per share		
	2003 Aug. 4	2003 June 30	2002 Dec. 31	2003 Aug. 4	2003 June 30	2002 Dec. 31
Parent company						
Equities portfolio	30.6	28.5	26.4	158	147	136
Net debt	-2.9	-2.9	-2.0	-14	-14	-10
Net asset value	27.7	25.6	24.4	144	133	126

Industrivärden is one of the Nordic region's leading holding companies, with ownership 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 asset values enables Industrivärden to deliver a total return which, over a long period of time, is higher than the average for the Stockholm Stock Exchange. For more information about Industrivärden, visit our website: www.industrivarden.net.



CEO's COMMENTS

In the first quarter, up until and including the turnaround in mid-March, the General Index fell by almost 12%. Subsequently the stock market trend has been mainly positive and at the beginning of August the General Index had risen 14% since year-end 2002. During the same period, Industrivärden's net asset value also rose by 14% to reach SEK 144 per share by August 4. If Industrivärden's dividend is reinvested in the net asset value the increase was 19% compared with 18% for the Total Return Index.

In the first half of 2003 we made a new investment of SEK 450 M in the moisture control company Munters. This deal adds a new, active holding to Industrivärden's equities portfolio. We also carried out a number of deals where we took the opportunity to increase or decrease existing holdings at attractive prices. For example, during the period we increased our holding of Handelsbanken A class shares and decreased slightly in Ericsson B.

The stock market upturn that we have experienced thus far in 2003 probably stems from over-pessimistic forecasts ahead of the new year and the fact that interest rates, at least in nominal terms, have reached historically low levels. We can see no direct signs of a turnaround in the business climate in the companies where we are active owners. On the other hand, nor do we see signs of a worsening trend. In this uncertain business scenario our investment strategy remains cautious and we are concentrating our efforts, in addition to analysis of attractive new investment opportunities, to ensuring that our portfolio companies consolidate or further strengthen their market positions through internal improvements in cost and capital efficiency.

EQUITIES PORTFOLIO ¹

The market value of Industrivärden's equities portfolio at June 30, 2003, was SEK 28,517 M (SEK 26,413 M at the start of the year), and the surplus value was SEK 9,338 M (SEK 7,801 M at the start of the year). On August 4 the market value was SEK 30,566 M and the surplus value was SEK 11,387 M. Taking into account purchases and sales, the change in value since the start of the year was 14%. A detailed portfolio specification as per June 30 is provided on page 10.

Stock	As per June 30, 2003		Total return,% Period, Jan. 03-June 03	Average annual total return,%		As per August 4, 2003	
	Number	Market- value, SEK M		Five years, June 98-June 03	Ten years, June 93-June 03	Number	Market- value, SEK M
Handelsbanken	51,655,900	6,767	17	4	22	51,655,900	6,689
SCA	18,982,000	5,200	-3	11	13	18,982,000	5,211
Sandvik	21,000,000	4,400	13	3	13	21,000,000	4,893
Ericsson	374,039,276	3,459	28	-25	4	374,039,276	4,599
Indutrade		1,591	-	-	-		1,591
Skanska	33,302,756	1,522	-6	-5	12	33,302,756	1,732
SSAB	12,065,600	1,291	10	2	16	12,065,600	1,279
Skandia	48,846,800	1,040	-6	-17	8	48,846,800	1,319
Isaberg Rapid		562	-	-	-		562
Munters	2,705,750	471	-8	17	-	2,705,750	456
Össur	52,000,000	282	-5	-	-	52,000,000	250
Other holdings		1,932					1,985
<i>Total Return Index</i>			11	-4	12		
Total		28,517					30,566

No stocks were out on loan as per June 30 and August 4, 2003.

Of the above shareholdings, Munters and Össur have been held for less than five years, while Sandvik and Skandia have been held for less than ten years.

Valuation of the wholly owned subsidiaries is provided in the net asset value definition on page 10.

¹ Holdings pertain to the Parent Company. Limited asset management is conducted by Nordinvest, which had shareholdings with a market value of SEK 26 M as per June 30.



Handelsbanken's earnings for the first three months improved as a result of increased net interest income and lower costs. Loan losses remained very low. Handelsbanken's interim report for the first six months of the year will be released on August 19.

During the first six months *SCA* reported slightly lower earnings after financial items at a continued favorable profitability level. Operating earnings declined somewhat for all three business areas. Hygiene products was affected by lower prices and volumes for tissue. Cash flow remained strong.

Sandvik's earnings after financial items decreased slightly in the first half of the year, mainly due to currency effects. Profitability remained satisfactory. Operating earnings increased somewhat for the Tooling business area but decreased for the business areas Mining and Construction and Materials Technology.

Ericsson's sales increased compared with the first quarter of 2003. Cash flow remained positive during the quarter and the company's financial position strengthened. Operating expenses measured on an annual basis have more than halved since the middle of 2001 as a result of ongoing restructuring. Ericsson is expected to report a profit before the end of 2003. The company has favorable conditions for long-term growth, mainly through network upgrades, the continued transition from fixed to mobile communications and a greater focus on services.

Net sales for the wholly owned subsidiary *Indutrade*, one of the leading trading companies in the Nordic region, totaled SEK 1,562 M (1,547). Earnings after financial items amounted to SEK 83 M (94). In May, Indutrade acquired Kontram, a Finnish trading company with annual sales of approximately SEK 160 M. This acquisition is a step in the further development of Indutrade's electrical components and flow control technology areas.

Skanska's earnings after financial items for the first six months improved, mainly as a result of capital gains from sales of commercial real estate. The sale of the CityCronan project in Stockholm for SEK 2.3 billion with a capital gain of SEK 1.1 billion, and good cash flow generation from construction operations, provided a strong cash flow and an improved financial position. An extensive action program is currently being carried out to further improve operating earnings and to focus on domestic markets where Skanska has a leading position. Some small operations have been sold as part of this program.

SSAB's earnings after financial items for the first six months improved, mainly as a result of higher gross margins in the steel operations. The company's focus on cutting-edge products such as quenched steels and ultra high strength sheet steel continues to develop well, and SSAB's profitability is better than the industry average.

Skandia, which is virtually debt-free after the sale of American Skandia, reported a poorer operating result for the first quarter. The company's board and management are conducting an intensive work process aimed at studying the group's strategies, plans and overall policies. Parallel with this, extensive cost-cutting measures are being taken with the aim of lowering costs by SEK 1 billion on a yearly basis. Skandia's interim report for the first six months of the year will be released on August 13.

The wholly owned subsidiary *Isaberg Rapid*, which manufacturers and markets staplers, grew its net sales to SEK 451 M (438). Earnings after financial items increased by SEK 16 M to SEK 26 M (10).

Munters reported a fall in earnings after financial items for the first three months. The company's Moisture Control Services (MCS) unit continued to develop well, while the Dehumidification and HumiCool operations showed a weak trend. An action program has been initiated to cut costs. Munters' interim report for the first six months of the year will be released on August 18.

Össur reported continued good growth in sales. Earnings after financial items declined somewhat, mainly due to higher R&D expenses for the company's new range of orthotic products and a less favorable currency situation. The new products are expected to be launched in the fourth quarter.



Stock Transactions During the Year

During the first six months of the year, purchases of stocks totaled SEK 896 M and sales totaled SEK 342 M. Major purchases consisted of 2,505,750 shares of Munters and 3,000,000 shares of Handelsbanken A. Major sales consisted of 33,285,616 shares of Ericsson B and 1,464,400 Eniro.

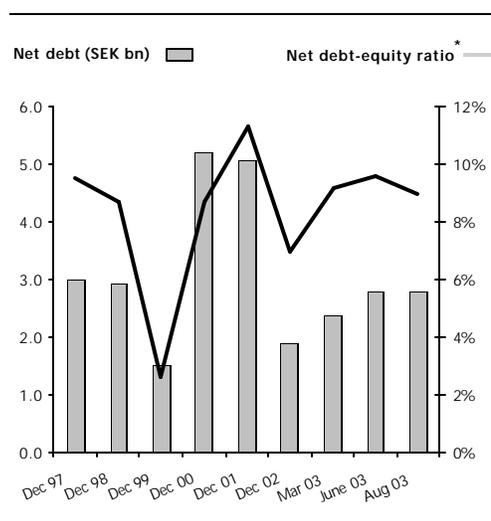
The result of sales of stocks was a capital gain of SEK 86 M.

January 1 - June 30, 2003		
Purchases	Number	SEK M
Munters	2,505,750	453
Handelsbanken A	3,000,000	358
Ericsson B	7,785,616	49
Other		36
Total		896
Sales		
Ericsson B	33,285,616	249
Eniro	1,464,400	93
Total		342

INTEREST-BEARING NET DEBT

Since year-end 2002, the Group's net debt increased by SEK 0.9 billion to SEK 3.3 billion on August 4, 2003. At June 30, 2003, the net debt also amounted to SEK 3.3 billion.

From a portfolio perspective (see the diagram to the right), without taking into account interest-bearing liabilities of subsidiaries, net debt increased from SEK 1.9 billion at year-end 2002 to SEK 2.8 billion as per August 4, 2003. The net debt-equity ratio increased from 7% to 9%. The change is mainly attributable to net purchases of stocks and to the fact that dividend income was less than the dividend payout.



* See page 10 for definitions.

EARNINGS²

Consolidated earnings after financial items amounted to SEK 918 M (4,577) including a gain of SEK 811 M from portfolio management (2002: gains of SEK 4,404 M, including SEK 2,334 M from divestment of Besam and SEK 1,498 M from divestment of Lundbeck A/S) and earnings of SEK 107 M (173) from operating companies.

Earnings after financial items for the Parent Company amounted to SEK 787 M (4,698) and included SEK 844 M (796) in dividend income and SEK 68 M in result of sales of stocks (2002: gains of SEK 4,122 M, including SEK 2,651 M from Besam and SEK 1,498 M from Lundbeck A/S). The Parent Company's earnings also included SEK -42 M (-46) in management costs (a decrease of 10%) and SEK -83 M (-174) in net financial items.

² Industrivärden has ownership stakes in Ericsson, SCA, Skanska, and other companies which amount to at least 20% of the number of votes after full dilution (i.e., associated companies). The consolidated income statement and balance sheet presented in this report have been prepared in accordance with the acquisition value method. Once complete information from all associated companies is available – however, not later than two months after the end of the reporting period – a complementary income statement and balance sheet, prepared in accordance with the equity method, will be available upon request from Industrivärden and on the Company's website.



ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. The recommendations of the Swedish Financial Accounting Standards Council that took effect on January 1, 2003, have been applied in this report but have not entailed any impact on the Company's financial position and result. In other respects, this report has been prepared using the same accounting principles and calculation methods as in the 2002 Annual Report.

Stockholm, August 6, 2003

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 June 30, 2003, 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 lower level 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, August 6, 2003

Öhrlings PricewaterhouseCoopers AB
Ingvar Pramhäll
Authorized Public Accountant

FINANCIAL CALENDAR

The interim report for the period January–September 2003 will be released on October 31, 2003.

The year-end report for 2003 will be released on February 18, 2004.

The 2003 Annual Report will be published in mid-March 2004.



Industrivärden Consolidated Income Statement

SEK M	2003 Apr.-June	2002 Apr.-June	2003 Jan.-June	2002 Jan.-June	2002 Jan.-Dec.
PORTFOLIO MANAGEMENT					
Dividend income from stocks	842	779	845	796	820
Result of sales of stocks	81	3,701	86	3,826	3,750
Other income and expenses	1	-3	-2	-8	-73
Earnings from portfolio management	924	4,477	929	4,614	4,497
OPERATING COMPANIES					
Net sales	1,019	1,514	2,014	2,949	4,890
Cost of goods sold	-676	-1,005	-1,325	-1,958	-3,261
Development costs	-10	-17	-19	-33	-46
Selling costs	-215	-275	-430	-543	-936
Administrative costs	-65	-121	-129	-234	-347
Other operating income and expenses	2	-5	3	-3	0
Earnings from operating companies	55	91	114	178	300
Management costs	-20	-22	-42	-46	-85
Operating earnings	959	4,546	1,001	4,746	4,712
Interest income	6	14	25	20	75
Interest expenses	-55	-82	-114	-164	-289
Other financial items	4	-5	6	-25	-22
Earnings after financial items	914	4,473	918	4,577	4,476
Tax on earnings for the period	-20	-44	-40	-68	-111
Minority share in earnings for the period	0	0	0	0	0
Net earnings for the period	894	4,429	878	4,509	4,365
Costs for depr. included in operating earnings	34	44	68	83	150
Net earnings per share, SEK ³	4.63	22.93	4.55	23.35	22.60

³Earnings after tax divided by 193,135,612 shares.



Breakdown by Business Unit

SEK M	2003 Apr.-June	2002 Apr.-June	2003 Jan.-June	2002 Jan.-June	2002 Jan.-Dec.
Net sales					
Indutrade	817	803	1,562	1,547	3,078
Isaberg Rapid	201	214	451	438	848
Besam (sold holding) ⁴	-	497	-	963	963
Other, net	1	0	1	1	1
Total, operating companies	1,019	1,514	2,014	2,949	4,890
Earnings after financial items					
Portfolio management ⁵	864	4,387	811	4,404	4,185
Indutrade	51	58	83	94	181
Isaberg Rapid	2	10	26	10	32
Besam (sold holding) ⁴	-	19	-	50	50
Other, net	-3	-1	-2	19	28
Total, operating companies	50	86	107	173	291
Group	914	4,473	918	4,577	4,476

⁴Besam, which was sold on June 30, 2002, is included in the consolidated income statement through the first half of 2002.

⁵Parent company and other portfolio management companies.



Industrivärden Consolidated Balance Sheet

SEK M	June 30 2003	June 30 2002	Dec. 31 2002
Intangible assets	281	241	226
Tangible assets	542	550	561
Shares and participations	18,342	17,102	17,775
Other financial assets	25	40	30
Inventories	781	772	737
Accounts receivable, trade	684	684	585
Other current assets	117	3,241	134
Cash and cash equivalents	737	561	2,127
Total assets	21,509	23,191	22,175
Shareholders' equity	16,394	16,786	16,639
Minority shares	1	1	1
Provisions	249	235	239
Long-term liabilities, noninterest-bearing	6	9	9
Long-term liabilities, interest-bearing	2,452	3,213	2,547
Current liabilities, noninterest-bearing	940	985	932
Current liabilities, interest-bearing	1,467	1,962	1,808
Total shareholders' equity and liabilities	21,509	23,191	22,175

Change in shareholders' equity

SEK M	Capital stock	Restricted reserves	Unrestricted shareholders' equity	Total share- holders' equity
Opening shareholders' equity according to adopted balance sheet as per December 31, 2002	966	1,265	14,408	16,639
Dividend to shareholders	-	-	-1,120	-1,120
Transfers between unrestricted and restricted shareholders' equity	-	-2	2	-
Translation differences	-	0	-3	-3
Net earnings for the period	-	-	878	878
June 30, 2003	966	1,263	14,165	16,394
Opening shareholders' equity according to adopted balance sheet as per December 31, 2001	871	967	11,517	13,355
Conversion of CPNs	95	303	-	398
Dividend to shareholders	-	-	-1,458	-1,458
Transfers between unrestricted and restricted shareholders' equity	-	0	0	-
Translation differences	-	-	-18	-18
Net earnings for the period	-	-	4,509	4,509
June 30, 2002	966	1,270	14,550	16,786



Industrivärden Consolidated Statement of Cash Flows

SEK M	2003 Jan.-June	2002 Jan.-June	2002 Jan.-Dec.
OPERATING ACTIVITIES			
<i>Portfolio management</i>			
Dividend income from stocks	845	796	820
Tax received	-	14	14
Cash flow from changes in working capital	-23	-46	-27
Operating cash flow from portfolio management	822	764	807
<i>Operating companies</i>			
Earnings from operating companies	114	178	300
Adjustment of non-cash items:			
Depreciation	68	83	150
Other non-cash items	1	1	3
Tax paid	-74	-96	-115
Cash flow from changes in working capital	-47	-57	13
Operating cash flow from operating companies	62	109	351
Management costs paid	-40	-58	-97
Interest received	33	36	87
Interest paid	-159	-219	-314
Other financial items	4	-30	-9
NET CASH FLOW FROM OPERATING ACTIVITIES	722	602	825
INVESTING ACTIVITIES			
<i>Portfolio management</i>			
Net purchase/sale of listed stocks	-468 ⁶	1,760	1,032
Net purchase/sale of other stocks	0	54	3,008
Cash flow from investments in portfolio management	-468	1,814	4,040
<i>Operating companies</i>			
Net purchase/sale of stocks	-65	-2	-2
Net purchase/sale of other fixed assets	-22	-49	-113
Cash flow from investments in operating companies	-87	-51	-115
NET CASH FLOW FROM INVESTING ACTIVITIES	-555	1,763	3,925
FINANCING ACTIVITIES			
Loans raised and amortization of debt	-436	-1,214	-2,034
Dividends and CPN interest paid out	-1,120	-1,620	-1,620
NET CASH FLOW FROM FINANCING ACTIVITIES	-1,556	-2,834	-3,654
NET CASH FLOW FOR THE PERIOD	-1,389	-469	1,096
Cash and cash equivalents at beginning of year	2,127	1,034	1,034
Exchange-rate difference in cash and cash equivalents	-1	-4	-3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	737	561	2,127

Change in interest-bearing net debt SEK M	June 30 2003	Cash flow	Change in loans	Other changes	Dec. 31 2002
Cash and cash equivalents	737	-1,389	-	-1	2,127
Long-term liabilities, interest-bearing	2,452	-	-95	-	2,547
Current liabilities, interest-bearing	1,467	-	-341	-	1,808
Interest-bearing pension provisions	152	-	-	3	149
Interest-bearing net debt	3,334	1,389	-436	4	2,377

⁶ Of which, Parent Company SEK -496 M and other portfolio management companies SEK 28 M.



Equities Portfolio as per June 30, 2003

Stock	Number	Market value		% of portfolio value	% of capital in company	% of votes in company
		SEK M	SEK/share			
Handelsbanken A	51,655,900	6,767	35	24	7.2	7.9
SCA A	16,982,000	5,200	27	18	8.1	28.1
SCA B	2,000,000					
Sandvik	21,000,000	4,400	23	15	8.0	8.0
Ericsson A	186,000,000	3,459	18	12	2.3	27.7
Ericsson B	188,039,276					
Indutrade		1,591	8	6	100.0	100.0
Skanska A	22,302,756	1,522	8	5	8.0	31.6
Skanska B	11,000,000					
SSAB A	12,065,600	1,291	6	4	12.0	15.6
Skandia	48,846,800	1,040	5	4	4.6	4.6
Scania A	1,824,500	580	3	2	1.5	1.8
Scania B	1,175,500					
Isaberg Rapid		562	3	2	100.0	100.0
Pfizer Inc.	2,017,500	553	3	2	0.0	0.0
Munters	2,705,750	471	2	2	10.8	10.8
Volvo A	1,260,000	307	2	1	0.4	0.8
Volvo B	540,000					
Össur	52,000,000	282	1	1	15.8	15.8
Nokia	1,400,000	183	1	1	0.0	0.0
Eniro	2,535,600	174	1	1	1.4	1.4
Others (<SEK 100 M)		135	1	0		
Total		28,517	147	100		

No stocks were out on loan as per June 30, 2003.

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

Definitions:

Total return (SIXRX)

Price trend (SAX) plus reinvested dividends.

Net asset value

The actual market value of equities in the listed portfolio, the calculated value of the wholly owned subsidiaries (calculated using a P/E multiple of 13 and current earnings forecasts for 2003), and the book value of other, unlisted holdings, less net debt. In the net asset value calculation net debt is defined as liabilities less non-equity-related assets.

Interest-bearing net debt

Interest-bearing liabilities and pensions less cash and cash equivalents.

Net debt-equity ratio

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

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