

Interim Report

January 1–September 30, 2004

- **Industrivärden's net asset value was SEK 34,744 M on October 27, 2004, an increase of SEK 4,674 M since the start of the year. Net asset value on September 30, 2004, was SEK 34,740 M (26,956).**

- **Net asset value per share on October 27, 2004, was SEK 180, an increase of SEK 24 per share since the start of the year. Including reinvested dividends the increase was SEK 30 per share. Net asset value per share on September 30, 2004, was SEK 180 (140).** Average annual growth in net asset value over the last ten-year period, including reinvested dividends, was 16%. Earnings per share for the first nine months of 2004 were SEK 7.25 (3.79).

- **The total return for Industrivärden's stock as per October 27, 2004, was 30%, compared with 13% for the return index.** During the last ten-year period the average annual total return was 6 percentage points higher than the return index.

- **During the year shares have been purchased in Handelsbanken and Sandvik for SEK 3.1 billion.**

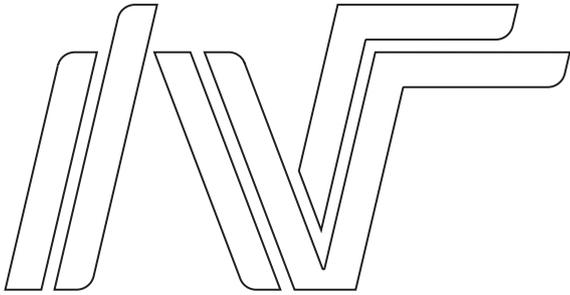
Industrivärden in Summary

	Change, % Jan. 1–Oct. 27	Average annual change, %	
		Five years, Oct.'99–Oct.'04	Ten years, Oct.'94–Oct.'04
Total Return			
Total return for Industrivärden's stock	30	6	18
Return index (SIXRX)	13	0	12
Excess return, Industrivärden	17	6	6
Net Asset Value			
Net asset value	15	-3	9
Net asset value incl. reinvested dividends	19	5	16



Composition of Net Asset Value

	SEK billion			SEK per share		
	Oct. 27 2004	Sept. 30 2004	Dec. 31 2003	Oct. 27 2004	Sept. 30 2004	Dec. 31 2003
Parent Company						
Equities portfolio	39.6	39.6	32.9	205	205	170
Net debt	-4.9	-4.9	-2.8	-25	-25	-14
Net asset value	34.7	34.7	30.1	180	180	156



CEO's Message

The global economy remains strong, and growth in 2004 is expected to be the best in more than twenty years. This is reflected in the earnings of most of our portfolio companies, which are showing favorable development as a result of own measures and the general economic trend. Although we are in a period of growth, there is some uncertainty about the development in 2005, including concerns about the geopolitical situation, oil prices, interest rates and the economy in the U.S., in particular. Taken together this is resulting in high risk premiums for investments in the stock market as compared to bond markets. Today the market's required rate of return for equity investments is twice as high as the bond market's required rate of return for high-grade corporate bonds. The unusually high risk premium for equity investments is resulting in, among other things, few new stock market introductions and the emergence of a secondhand market for private equity investments in which private equity players are buying and selling companies among themselves.

Industrivärden's net asset value on October 27 was SEK 34.7 billion, an increase of 19% since the start of the year taking rein-

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.

vested dividends into account, compared with 13% for the Stockholm Stock Exchange's return index. Industrivärden's total return for the first ten months of the year outpaced the return index by 17 percentage points. This performance can be credited to the quality of our portfolio companies. Ericsson, Handelsbanken, Sandvik and Skanska are all showing a continued positive trend. Ossur continues to deliver good results, and its stock has risen by a full 110% thus far during the year, of which 33% since the half-year report. The companies that have yet not managed to benefit from the improved economy are SCA and Munters.

During the third quarter we further strengthened our ownership in Handelsbanken and Sandvik. This year to date we have invested a total of SEK 3.1 billion kronor in these companies at average prices we considered to be attractive. In our view, these companies have strong positions in their respective markets, adept management and very high quality business routines.

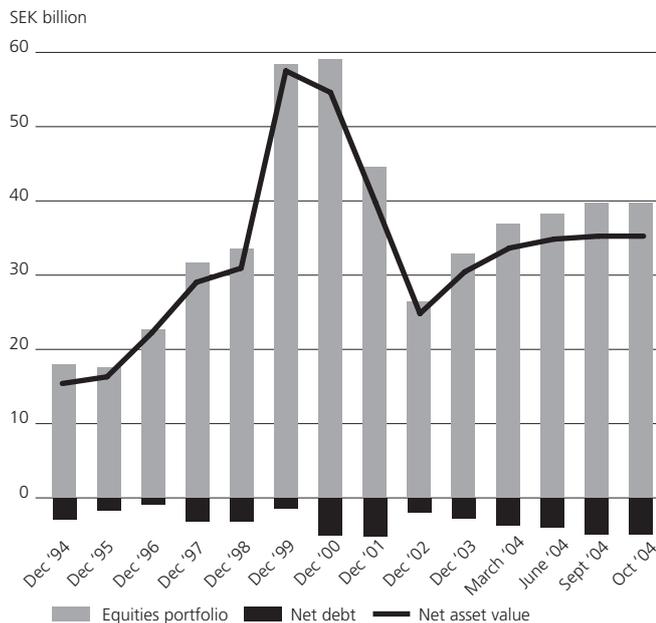
ANDERS NYRÉN
President and CEO

NET ASSET VALUE

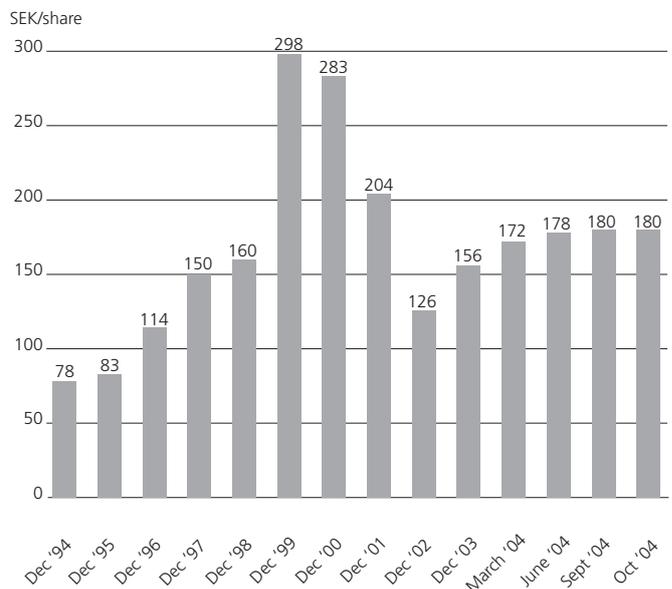
Net asset value on October 27, 2004, was SEK 34,744 M, an increase of SEK 4,674 M since the start of the year. Net asset value on September 30, 2004, was SEK 34,740 M. Net asset value is

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

Development of Net Asset Value



Net Asset Value per Share



Equities Portfolio¹

The market value of Industrivärden's equities portfolio on September 30, 2004, was SEK 39,651 M (SEK 32,890 M at the start of the year) and the surplus value was SEK 19,949 M (SEK 15,414 M at the start of the year). The market value on October 27, 2004,

was SEK 39,587 M and the surplus value was SEK 19,902 M. Taking into account purchases and sales, the change in value was 15% since the start of the year. A detailed portfolio specification as per September 30, 2004, is provided on page 5.

Company	As per Sept. 30, 2004		Total return, %	Average annual total return, %		As per Oct. 27, 2004	
	No. of shares	SEK M		Five years, Sept.'99–Sept.'04	Ten years, Sept.'94–Sept.'04	No. of shares	SEK M
Handelsbanken	65,503,800	9,989	7	9	21	65,553,800	10,063
Ericsson	372,000,000	8,519	65	-13	11	372,000,000	8,110
Sandvik	26,355,600	6,628	6	7	13	26,355,600	7,076
SCA	18,490,060	5,269	1	9	13	18,490,060	4,986
Skanska	33,078,756	2,506	24	4	14	32,804,756	2,526
Indutrade		1,966	–	–	–		1,966
SSAB	14,119,000	1,948	12	11	10	14,119,000	2,047
Ossur hf	65,118,000	615	110	–	–	65,118,000	609
Munters	3,219,350	579	5	15	–	3,219,350	568
Isaberg Rapid		318	–	–	–		318
Others		1,314					1,318
Total		39,651	19				39,587
Return index			13	1	13		

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 valuation of the wholly owned subsidiaries Indutrade and Isaberg Rapid is explained in a definition on page 12.

Handelsbanken achieved its best nine-month result ever. Operating profit for the period January–September improved by 12%, mainly due to higher net commissions on insurance and brokerage fees, and higher net trading income from equities trading. Net interest income decreased slightly, however, lending continued to increase. Overheads were largely unchanged and recoveries exceeded loan losses.

Ericsson's income after financial items for the first nine months improved to SEK 19 billion (-14) as a result of higher volumes, lower overheads and a favorable product offering. Cash flow remained positive and the financial position strengthened. Half-owned Sony Ericsson reported continued positive development. Ericsson's technological leadership and global presence make it well-positioned to benefit from future opportunities in the market.

Sandvik's earnings after net financial items rose 25% for the first half of the year as a result of higher sales volumes, greater capacity utilization and the completion of rationalization measures. During the second quarter order bookings, invoicing and earnings after net financial items reached their highest levels ever for a single quarter. Operating profit improved for all three business areas. Activity increased in all major markets, especially North America. The interim report for the first nine months of 2004 will be released on November 5.

SCA's earnings after financial items for the first nine months decreased due to pressure on prices and currency movements. Earnings were down for Hygiene Products and Packaging, but up slightly for Forest Products. The demand situation in Western Europe has not created conditions for the price recovery that was expected during the latter part of the current year. Additional efficiency-improvement measures will be carried out in the Hygiene Products and Packaging units. Annual cost savings are estimated to be slightly more than SEK 1 billion, which will be realized successively in 2005.

Skanska's income after financial items increased during the first nine months of the year. Capital gains from divested businesses, mainly Skanska Services, amounted to SEK 1 billion. Earnings improved for Skanska's largest business unit, Construction and Services. Earnings for the Commercial Project Development unit decreased slightly due to lower sales of properties. A strong cash-flow during the third quarter reversed a low level of net debt to a net cash position.

The wholly owned subsidiary *Indutrade* reported earnings after financial items of SEK 169 M (144) for the first nine months of 2004. Return on capital employed increased to 23% (19%). Earnings improved mainly in Sweden and Finland.

¹ Pertains to the Parent Company's equities portfolio. Based on these holdings, derivative transactions are also conducted. Industrivärden also conducts short trading through the subsidiary Nordinvest, which had shareholdings with a market value of SEK 153 M at September 30, 2004.

SSAB's profit after financial items for the first nine months tripled amid higher deliveries of specialty products and trading products, better prices and lower processing costs. Cash flow more than doubled. Deliveries of ultra high strength steel sheet and quenched steel rose by more than 30% and accounted for half of total delivery volume. Prices in the steel operations in local currency are expected to continue rising slightly during the fourth quarter.

Ossur's profit after financial items for the first nine months more than doubled, mainly due to strong volume growth in Europe and the U.S. The American orthotics company Generation II Group, which was acquired in 2003, continues to develop well.

Munters' earnings after financial items were down slightly for the first nine months. Order bookings developed favorably during the period. Action programs previously decided on have been carried out for the most part and are expected to have effect starting in the first quarter of 2005.

The wholly owned subsidiary *Isaberg Rapid* reported earnings after financial items of SEK 0 M (26) for the first nine months of 2004, including SEK 20 M (-) in restructuring costs.

Equity Transactions During the Year

During the third quarter of 2004, purchases of stocks totaled SEK 2,428 M and sales totaled SEK 1,442 M. Major purchases consisted of 8,794,000 Handelsbanken A, 2,821,000 Sandvik, and 900,000 Scania B. Major sales consisted of 2,006,000 Scania A, 1,599,300 SCA B, and 1,500,900 Scania B. Purchases and sales of listed stocks during the first nine months of 2004 are shown in the table below.

Purchases	No. of shares	SEK M
Handelsbanken A	12,751,900	1,838
Sandvik	5,188,100	1,292
Ericsson B	22,960,724	511
Scania B	900,000	223
Volvo A	561,700	140
SSAB A	1,006,400	129
Munters	513,600	91
Ossur hf	13,118,000	89
Other		287
Total		4,600
Sales		
SCA B	2,834,540	812
Scania A (entire shareholding)	2,286,600	556
Scania B (entire shareholding)	1,950,200	473
Pfizer Inc.	1,017,500	263
Ericsson B	15,000,000	256
Other		156
Total		2,516

After the end of the reporting period, from October 1 through October 27, 2004, stocks were purchased for a total of SEK 8 M and sold for SEK 28 M.

Earnings from equities and derivative transactions during the first nine months of the year totaled SEK 313 M, as shown in the table below.

Earnings from Parent Company's Equities Transactions, SEK M	2004 July–Sept.	2004 Jan.–Sept.
SCA B	160	301
Ericsson B	–	156
Derivative transactions	7	53
Scania A (entire shareholding)	-93	-110
Scania B (entire shareholding)	-40	-73
Other	-18	-14
Total	16	313

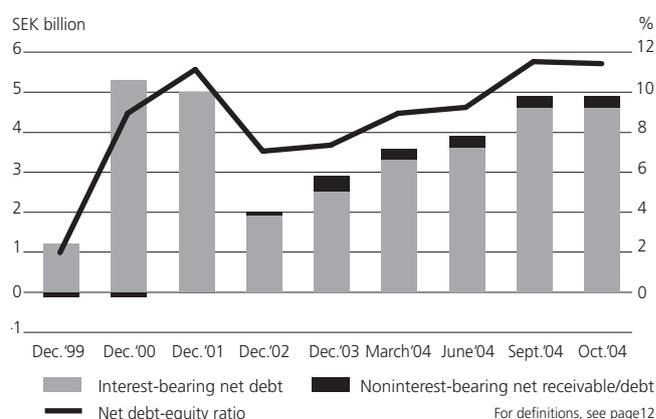
Derivative transactions based on holdings in the equities portfolio generated a profit of SEK 53 M. In addition, short trading conducted through the subsidiary Nordinvest provided a further profit of SEK 13 M. The combined profit from Industrivärden's market activities was thus SEK 66 M.

Earnings from equities and derivative transactions during the first nine months of 2004 for the Group, which includes the Parent Company and other portfolio management companies, were SEK 296 M.

Net Debt

The Parent Company's net debt was SEK 4.9 billion on October 27, 2004, including SEK 4.6 billion in interest-bearing net debt. Interest-bearing net debt has increased by SEK 2.1 billion since the start of the year. The net debt-equity ratio was 11.5%.

The Parent Company's net debt was SEK 4.9 billion as per September 30, 2004, including SEK 4.6 billion in interest-bearing net debt, corresponding to a net debt-equity ratio of 11.6% (7.4% at the start of the year), as shown in the specification on page 8.



Equities Portfolio as per September 30, 2004

Company	No. of shares	Value breakdown		Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		SEK M	SEK/share			
Handelsbanken A	65,503,800	9,989	52	25	9.5	10.0
Ericsson A	372,000,000	8,519	44	22	2.3	13.3
Sandvik	26,355,600	6,628	34	17	10.0	10.0
SCA A	16,982,000					
SCA B	1,508,060	5,269	27	13	7.8	28.6
Skanska A	17,302,756					
Skanska B	15,776,000	2,506	13	6	7.9	27.2
Indutrade		1,966	10	5	100.0	100.0
SSAB A	14,119,000	1,948	10	5	14.0	18.3
Ossur hf	65,118,000	615	3	2	20.4	20.4
Munters	3,219,350	579	3	2	12.9	12.9
Volvo A	1,821,700					
Volvo B	456,600	568	3	1	0.5	1.1
Isaberg Rapid		318	2	1	100.0	100.0
Pfizer Inc.	1,000,000	225	1	0	0.0	0.0
Others		521	3	1		
Total		39,651	205	100		

Valuation of the wholly owned subsidiaries Indutrade and Isaberg Rapid is explained in a definition on page 12.

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

At an extraordinary general meeting of Ericsson on August 31, 2004, the decision was made to change the voting power of Ericsson's Class B shares from one-thousandth of a vote to one-tenth of a vote. The meeting also resolved to issue conversion rights. Owners of Class A shares were allocated a conversion right for each Class A share held. Each conversion right entitles the holder to convert one Class B share to one Class A share. Following Industrivärden's binding application in September 2004 to convert 186,000,000 Class B shares to an equal number of Class A shares, the company's holding will amount to 372,000,000 Class A shares, corresponding to 13.3% (before conversion: 27.7%) of the votes, under the condition that all conversion rights are exercised. The converted shares were registered with the Swedish Companies Registration Office on October 28, 2004.

EARNINGS

The Parent Company's earnings after financial items amounted to SEK 1,206 M (774), including dividend income of SEK 1,032 M (847) and earnings of SEK 313 M (123) from equities and derivative transactions. Earnings also included SEK -59 M (-60) in management costs (a decline of 3%), SEK 47 M (-2) in other income and expenses, and net financial items of SEK -127 M (-134).

Consolidated earnings from portfolio management amounted to SEK 1,321 M (990), and earnings from operating companies totaled SEK 184 M (179). After management costs and net financial items, earnings totaled SEK 1,303 M (973). Earnings after accounting for investments in associates and tax amounted to SEK 1,400 M (732).

Interest-Bearing Net Debt

The Parent Company's interest-bearing net debt increased by SEK 2.1 billion since the start of the year, to SEK 4.6 billion on September 30, 2004.

The Group's interest-bearing net debt was SEK 5.2 billion on September 30, 2004, an increase of SEK 2.3 billion since the start of the year.

OTHER INFORMATION

Nominating Committee for Election of Directors

The 2004 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 Industrivärden's board, to form with the Chairman a nominating committee for future board elections. In accordance with this resolution, the following persons have been appointed as members of the Nominating Committee: Tom Hedelius (Chairman of Industrivärden), Christer Elmehagen (AMF Pension), Curt Källströmer (Handelsbanken), Ulf Lundahl (LE Lundbergföretagen), and Anders Nyberg (SCA).

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 RR22 – 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. Comparative figures for the first nine months of 2003 have been changed to reflect application of the equity method. By an associate is meant a company in which the shareholding amounts to at least 20% of the number of votes. Industrivärden's associates are SCA, Skanska, and as from August 2004, Ossur. As from September 2004, Ericsson is no longer classified as an associate, since the voting rights attached to the Class A and B shares have been changed as described in a note to the "Equities Portfolio as per September 30, 2004" table on page 5.

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 the 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.

In 2005 Industrivärden will begin reporting according to International Financial Reporting Standards (IFRS). The preparation work is proceeding according to plan. The greatest effect of this change will concern IAS 39, Financial Instruments: Recognition and Measurement.

Stockholm, October 29, 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 September 30, 2004, 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.

Stockholm, October 29, 2004

Öhrlings PricewaterhouseCoopers AB

INGVAR PRAMHÄLL

Authorized Public Accountant

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For Industrivärden's complete contact information, see page 12.

Financial Calendar

Year-End Report 2004: February 17, 2005.

Annual Report 2004: mid-March 2005.

Annual General Meeting: Stockholm, April 20, 2005.

Interim Reports:

January–March 2005: May 3, 2005.

January–June 2005: August 4, 2005.

January–September 2005: October 31, 2005.

Parent Company Income Statement

SEK M	2004 July–Sept.	2003 July–Sept.	2004 Jan.–Sept.	2003 Jan.–Sept.	2003 Jan.–Dec.
Portfolio management					
Dividend income from stocks	1	3	1,032	847	849
Earnings from equities transactions	9	49	260	47	-1,511
Earnings from derivative transactions	7	6	53	76	101
Other income and expenses	-1	–	47 ²	-2	-2
Earnings from portfolio management	16	58	1,392	968	-563
Management costs	-19	-18	-59	-60	-80
Operating earnings	-3	40	1,333	908	-643
Interest income	2	2	5	30	32
Interest expenses	-47	-53	-130	-160	-266
Other financial items	-2	-2	-2	-4	-10
Earnings after financial items	-50	-13	1,206	774	-887
Tax	–	–	–	–	-165
Net earnings for the period	-50	-13	1,206	774	-1,052

² Includes repaid shareholder's contribution of SEK 50 M.

Parent Company Balance Sheet

SEK M	9/30/2004	9/30/2003	12/31/2003
Equities*	19,128	18,813	16,799
Other financial fixed assets	3	7	3
Other current assets	175	149	87
Cash and cash equivalents	203	257	410
Total assets	19,509	19,226	17,299
Shareholders' equity	14,074	15,756	13,930
Provisions	48	49	49
Long-term interest-bearing liabilities	3,457	2,015	2,215
Current noninterest-bearing liabilities	323	196	379
Current interest-bearing liabilities	1,607	1,210	726
Total shareholders' equity and liabilities	19,509	19,226	17,299
*Market value of shares, according to table on page 5	39,651	29,871	32,890
Change during the period, %	21	13	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
Dividend to shareholders	–	–	–	-1,062	-1,062
Net earnings for the period	–	–	–	1,206	1,206
Amount at September 30, 2004	966	342	720	12,046	14,074
Amount at December 31, 2002	966	342	720	13,567	15,595
Dividend to shareholders	–	–	–	-1,120	-1,120
Merger profit	–	–	–	507	507
Net earnings for the period	–	–	–	774	774
Amount at September 30, 2003	966	342	720	13,728	15,756

Parent Company Statement of Cash Flows

SEK M	2004 Jan.–Sept.	2003 Jan.–Sept.	2003 Jan.–Dec.
OPERATING ACTIVITIES			
Dividend income from stocks	999	847	849
Cash flow from changes in working capital	-	0	-7
Management costs paid	-61	-59	-75
Financial items, net	-116	-131	-208
CASH FLOW FROM OPERATING ACTIVITIES	822	657	559
INVESTING ACTIVITIES			
Net purchase/sale of listed stocks	-2,084	-534	-79
Net purchase/sale of equity derivatives	57	52	68
Net purchase/sale of other stocks	-24	576	576
CASH FLOW FROM INVESTING ACTIVITIES	-2,051	94	565
FINANCING ACTIVITIES			
Loans raised and amortization of debt	2,048	-1,220	-1,493
Change in financing of subsidiaries	-14	124	177
Dividend paid out	-1,062	-1,120	-1,120
Payment of shareholder contribution	50	-103	-103
CASH FLOW FROM FINANCING ACTIVITIES	1,022	-2,319	-2,539
NET CASH FLOW FOR THE PERIOD	-207	-1,568	-1,415
Cash and cash equivalents at beginning of year	410	1,825	1,825
CASH AND CASH EQUIVALENTS AT END OF PERIOD	203	257	410

Change in interest-bearing net debt

SEK M	Sept. 30 2004	Cash flow	Change in loans	Other changes	Dec. 31 2003
Cash and cash equivalents	203	-207	-	-	410
Interest-bearing receivables	167	-	89	-	78
Long-term interest-bearing liabilities	3,457	-	1,242	-	2,215
Current interest-bearing liabilities	1,607	-	881	-	726
Interest-bearing pension provisions	48	-	-	-1	49
	4,742	207	2,034	-1	2,502
Less: liabilities to subsidiaries	-142	-	-92	-	-50
Interest-bearing net debt	4,600	207	1,942	-1	2,452
Market value of equities portfolio	39,651				32,890
Net debt-equity ratio, %	11.6				7.4

Industrivärden Consolidated Income Statement

SEK M	2004 July–Sept.	2003 July–Sept.	2004 Jan.–Sept.	2003 Jan.–Sept.	2003 Jan.–Dec.
Portfolio management					
Dividend income from stocks	0	3	1,035	848	850
Earnings from equities transactions	8	53	243	69	-1,486
Earnings from derivative transactions	7	6	53	76	101
Other income and expenses	-1	-1	-10	-3	-3
Earnings from portfolio management	14	61	1,321	990	-538
Operating companies					
Net sales	1,031	977	3,219	2,991	4,075
Cost of goods sold	-700	-662	-2,165	-1,987	-2,695
Development costs	-6	-5	-24	-24	-33
Selling costs	-189	-188	-639	-618	-856
Administrative costs	-52	-51	-183	-180	-246
Other operating income and expenses	-25	-6	-24	-3	-1
Earnings from operating companies	59	65	184	179	244
Management costs	-19	-18	-59	-60	-80
Operating earnings	54	108	1,446	1,109	-374
Interest income	2	4	7	29	33
Interest expenses	-53	-61	-148	-175	-286
Other financial items	-2	4	-2	10	4
Earnings after financial items	1	55	1,303	973	-623
Result of associate accounting*	177	-1	168	-173	9
Tax	-25	-28	-71	-68	-253
Minority share in net earnings for the period	–	0	–	0	–
Net earnings for the period	153	26	1,400	732	-867
*Adjustments pertaining to the equity method					
Dividend income from associated companies	–	–	-323	-249	-249
Share in associated companies' earnings	364	59	906	210	497
Adjustment of acquisition value pertaining to divested associated companies	-64	-12	-85	-13	0
Tax pertaining to associated companies	-123	-48	-330	-121	-239
Result of associate accounting	177	-1	168	-173	9
Depreciation included in operating earnings	32	33	100	101	135
Earnings per share, SEK ³	0.79	0.13	7.25	3.79	-4.49
Breakdown by business unit					
Net sales					
Indutrade	835	792	2,579	2,354	3,197
Isaberg Rapid	196	185	640	636	877
Other, net	0	0	0	1	1
Total, operating companies	1,031	977	3,219	2,991	4,075
Earnings after financial items					
Portfolio management⁴	-54	-7	1,134	804	-849
Indutrade	63	61	169	144	182
Isaberg Rapid	-8	0	0	26	49
Other, net	0	1	0	-1	-5
Total operating companies	55	62	169	169	226
Group	1	55	1,303	973	-623

³ Earnings for the period divided by 193,135,612 shares.

⁴ Parent Company and other portfolio management companies.

Industrivärden Consolidated Balance Sheet

SEK M	9/30/2004	9/30/2003	12/31/2003
Intangible fixed assets	233	267	259
Tangible fixed assets	497	534	532
Equities	14,629	13,072	10,403
Shares in associated companies	5,915	6,929	7,720
Other financial fixed assets	22	20	13
Inventories	757	756	734
Accounts receivable, trade	696	640	627
Other current assets	285	122	104
Cash and cash equivalents	337	531	683
Total assets	23,371	22,871	21,075
Shareholders' equity	16,678	18,042	16,413
Minority shares	–	1	–
Provisions	275	250	244
Long-term interest-bearing liabilities	3,685	2,196	2,632
Current noninterest-bearing liabilities	1,055	871	1,058
Current interest-bearing liabilities	1,678	1,511	728
Total shareholders' equity and liabilities	23,371	22,871	21,075

Change in Consolidated Shareholders' Equity

SEK M	Capital stock	Restricted reserves	Equity method reserve	Unrestricted reserves	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
Dividend to shareholders	–	–	–	-1,062	-1,062
Transfers between unrestricted and restricted shareholders' equity	–	0	–	0	–
Translation differences	–	0	–	-3	-3
Effect of associated companies on earnings for the period	–	–	–	-168	-168
Provision to equity method reserve	–	–	-96	211	115
Net earnings for the period	–	–	–	1,400	1,400
Amount at September 30, 2004	966	1,275	3,013	11,424	16,678
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
Dividend to shareholders	–	–	–	-1,120	-1,120
Transfers between unrestricted and restricted shareholders' equity	–	-2	–	2	–
Translation differences	–	0	–	-10	-10
Effect of associated companies on earnings for the period	–	–	–	173	173
Provision to equity method reserve	–	–	80	-542	-462
Net earnings for the period	–	–	–	732	732
Amount at September 30, 2003	966	1,263	3,041	12,772	18,042

Industrivärden Consolidated Statement of Cash Flows

SEK M	2004 Jan.–Sept.	2003 Jan.–Sept.	2003 Jan.–Dec.
OPERATING ACTIVITIES			
Operating cash flow from portfolio management	993	844	832
Operating cash flow from operating companies	146	114	215
Management costs paid	-61	-59	-75
Financial items, net	-129	-159	-205
CASH FLOW FROM OPERATING ACTIVITIES	949	740	767
INVESTING ACTIVITIES			
Cash flow from investments in portfolio management	-2,162	-457	25
Cash flow from investments in operating companies	-46	-106	-118
CASH FLOW FROM INVESTING ACTIVITIES	-2,208	-563	-93
FINANCING ACTIVITIES			
Loans raised and amortization of debt	1,975	-648	-995
Dividend paid out	-1,062	-1,120	-1,120
CASH FLOW FROM FINANCING ACTIVITIES	913	-1,768	-2,115
NET CASH FLOW FOR THE PERIOD	-346	-1,591	-1,441
Cash and cash equivalents at beginning of year	683	2,127	2,127
Exchange rate difference in cash and cash equivalents	0	-5	-3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	337	531	683

Change in interest-bearing net debt

SEK M	Sept. 30 2004	Cash flow	Change in loans	Other changes	Dec. 31 2003
Cash and cash equivalents	337	-346	–	0	683
Interest-bearing receivables	28	–	28	–	–
Long-term interest-bearing liabilities	3,685	–	1,053	–	2,632
Current interest-bearing liabilities	1,678	–	950	–	728
Interest-bearing pension provisions	182	–	–	28	154
Interest-bearing net debt	5,180	346	1,975	28	2,831

Definitions

Interest-bearing net debt

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

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 excluding restructuring costs), 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 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.

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