

Organization number 556006-8420

## *INTERIM REPORT JANUARY – JUNE, 2001*

- *Earnings improved by SEK 4.7 billion to total SEK 3.2 billion*
- *Sale of holdings in E.ON and HEW generated capital gain of SEK 2.9 billion*
- *Significantly increased sales of electricity and heat as a result of acquisitions and colder weather conditions*
- *Rising consumption and reduced access to hydroelectric power led to increasing electricity prices in Nordic market*
- *Sydkraft became a subsidiary of E.ON Energie on May 11*

### **COMMENTS BY GROUP CEO**

The first half of the year was strong, with significantly better earnings than in the corresponding period of 2000. The sale of the shareholdings in E.ON and Hamburgische Electricitäts-Werke (HEW) created a capital gain totaling SEK 2.9 billion during the second quarter. Excluding capital gains, profit after net financial items rose by 20%.

The market situation improved as a result of increased electricity and heat sales and higher prices on the Nord Pool electricity exchange. The cost-efficiency program, which has been in progress since 1999, is continuing according to plan. Higher purchasing prices for electricity resulted in most electricity sales companies increasing their prices during the first half of the year. We have raised our prices on a number of occasions during the year. Despite this, we showed only slightly positive earnings for electricity sales operations during the period.

Intensive discussions are currently under way regarding the rising electricity prices in the Nordic region. The increases compared with the preceding year are due to the dryer weather, which results in lower reservoir water levels, and to the continuing relatively high demand for electricity. Water supply and electricity exchange prices are directly related in the Nordic market.

We have had an efficiently functioning deregulated electricity market for some years, which means that basically anyone has the right to produce electric power. The low electricity prices of recent years have led to the cost of nuclear power production exceeding the prices on Nord Pool, which is why we have optimized our production

to ensure that the most expensive production is utilized last. Today, the situation is different. With less water available in the Nordic system,

prices are rising, at the same time as demand is steadily increasing by a few percent each year. Electricity is constantly capturing market share at the expense of oil.

Based on current price levels, the O2 and O3 nuclear reactors are used for maximum electricity production. During the most recent 12-month period the O2 reactor noted its highest-ever production level. The O1 reactor will be taken out of operation at the end of the year for a major upgrade.

Further ahead, new investments will be needed in electricity production capacity. Planning has been started and we are convinced that the most appropriate fuel is natural gas. First, however, electricity prices must stabilize at above 20 öre per kWh. No production will be ready until at least four to five years' time, however.

### ***Integrations of acquisitions***

Work to integrate the operations of Norrköping Miljö & Energi (NME) has now been completed. NME has been divided up into four independent companies to fit into the Sydkraft organization.

To become more efficient in the recovery and recycling area, we have formed a new company called Sydkraft EcoPlus. Its operations will focus on the development, ownership and marketing of environmentally adapted total concepts for handling customers' refuse and the ownership of refuse-disposal plants.

Through new refuse-handling plants in both SAKAB, which Sydkraft acquired last autumn, and in Norrköping, our recycling operations will be conducted in an environmentally sustainable manner. Construction work on the two new plants is starting this year and reflects an investment of nearly SEK 900 M.

### ***Further expansion***

In addition to Sweden, Sydkraft's geographic focus is also on Norway, Denmark and Poland. In Norway, priority has been assigned to the high-growth area around Oslo. In July, the listed company Hafslund, in which Sydkraft controls nearly 35% of the votes, announced that it was acquiring Oslo Energi, with 355 000 customers, from Vattenfall and that it would be merged with the network company, Viken Energinett.

In Denmark, priority has been assigned to the island of Sjælland. In Poland, we are expanding mainly around Poznan and Katowice, and as recently as a few weeks ago we acquired 70% of the district heating operations in Złotów, a town in northern Poland. This is our fourth acquisition of heating operations in Poland.

During spring this year, we started a joint trading company, Acton Energy, with ABB. This company will manage energy portfolios for primarily municipal electricity companies and industrial customers in the German market. Acton Energy is located in Frankfurt and has some 15 employees.

### ***Change in ownership***

In February, Sydkraft's largest owner, E.ON Energie, made an offer to acquire all shares outstanding in Sydkraft. The majority of Sydkraft's shareholders elected to sell their shares. At the end of June, Sydkraft held a Special General Meeting, at which a new Board was elected, based on the new ownership situation. Today, Sydkraft has two major owners, the German company E.ON Energie, which has the majority holding, and Norway's Statkraft. Sydkraft formally became an E.ON Energie subsidiary on May 11, 2001.

In conjunction with the Special General Meeting, the Sydkraft Board decided to request that the Sydkraft share be delisted from the Stockholm Exchange, with September 28 as the final trading day. The reason for this request is that with its new ownership structure, Sydkraft no longer meets the requirements for a listing on the Stockholm Exchange's A List. Furthermore, there is insufficient turnover volume to warrant effective trading in the Sydkraft share. All shareholders will receive a reminder about the Board's decision at the end of August.

*Lars Frithiof*

*With the exception of the accounting of income taxes in accordance with the Note referring to consolidated shareholders' equity (see below), the accounting principles upon which this interim report has been based are unchanged compared with the accounting principles used in the Annual Report for year 2000.*

## **SALES AND EARNINGS**

The Group's net sales for the period amounted to SEK 8 973 M (7 390), an increase of approximately 21%, compared with the first half of 2000. Of this amount, sales of SEK 4 028 M (3 008) related to the second quarter. The increase was primarily due to the acquisition of Norrköping Miljö & Energi and SAKAB, as well as to increased sales of electricity and heat.

Electricity sales rose by 24% to 17 987 GWh (14 452). Sydkraft's total gas deliveries increased by 1% and amounted to 4 312 GWh (4 283). The acquisition of new heat operations in combination with a cold start to the year led to sales of heat increasing by 49% to 3 433 GWh (2 335).

Operating expenses totaled SEK 5 747 M (4 828). The increase was due to acquisitions and higher volumes.

Depreciation during the period totaled SEK 1 078 M (856). The increase was mainly attributable to the acquisitions implemented.

Earnings from participations in associated companies amounted to SEK 171 M (188). Norrköping Miljö & Energi, which was formerly an associated company, is consolidated in the Group's accounts as a wholly owned subsidiary as of January 1, 2001. The holding in HEW was sold in May. During the period, participations were acquired in Hafslund and Fredrikstadsgruppen from Vattenfall.

Operating profit increased by 88% to SEK 3 581 M (1 905), of which SEK 1 811 M (615) pertained to the second quarter. Capital gains totaling approximately SEK 1 217 M, of which the sale of the holding in HEW accounted for SEK 1 139 M, were included in operating profit for the period. Excluding the capital gains, operating profit rose by 24%.

The financial net improved by SEK 1 537 M compared with the first half of 2000 and amounted to income of SEK 1 165 M (expense 372). The financial net included a capital gain totaling SEK 1 770 M related to the divestment of the financial holding in E.ON AG. Excluding this capital gain, the financial net deteriorated by SEK 233 M due to increased debt as a result of company acquisitions and negative exchange-rate differences.

Consolidated profit after net financial items amounted to SEK 4 746 M (1 533), of which SEK 3 337 M (449) related to the second quarter. Excluding capital gains from the sale of HEW and E.ON, profit improved by 20%.

**Net sales and earnings per business sector**

<i>SEK M</i>	<i>Net sales</i>		<i>Of which, external</i>		<i>Earnings</i>	
	<i>June 30, 2001</i>	<i>June 30, 2000</i>	<i>June 30, 2001</i>	<i>June 30 2000</i>	<i>June 30 2001</i>	<i>June 30, 2000</i>
Marketing and Sales	<b>4 356</b>	3 283	<b>4 101</b>	3 033	<b>2</b>	33
Production	<b>4 391</b>	3 726	<b>513</b>	312	<b>1 041</b>	1 019
Distribution	<b>3 119</b>	2 605	<b>2 215</b>	1 911	<b>803</b>	690
Consulting and Contracting	<b>1 427</b>	1 153	<b>885</b>	649	<b>-13</b>	12
Energy Trading	<b>3 242</b>	3 031	<b>1 213</b>	1 448	<b>403</b>	62
Result from participations in associated companies	-	-	-	-	<b>171</b>	188
Intra-Group trading	<b>-7 667</b>	-6 488	-	-	-	-
Other	<b>105</b>	80	<b>46</b>	37	<b>1 174</b>	-99
<b>Net sales</b>	<b>8 973</b>	7 390	<b>8 973</b>	7 390		
<b>Operating profit</b>					<b>3 581</b>	1 905
Net financial items					<b>1 165</b>	-372
<b>Profit after net financial items</b>					<b>4 746</b>	1 533

**PROFITABILITY**

During the most recent 12-month period, the operating margin was 33.0% (21.7) and the profit margin 40.3% (19.3).

The return on equity after tax during the most recent 12-month period was 21.2% (9.1) and the return on capital employed before tax was 17.2% (9.4).

Both margin and return values were positively affected by the capital gains that arose in connection with the sale of the holdings in HEW and E.ON AG.

Earnings per share for the first six months of 2001 totaled SEK 19.24 (5.35). For 2000 as a whole, Sydkraft's earnings per share amounted to SEK 11.30.

**MARKETING AND SALES BUSINESS SECTOR**

Net sales for the period totaled SEK 4 356 M (3 283), of which sales to customers outside the Group accounted for SEK 4 101 M (3 033). Operating profit amounted to SEK 2 M (33).

Physical sales of electricity and heat increased. This was primarily due to the acquisitions of Norrköping Miljö & Energi (now renamed Sydkraft Öst) and Nora Energy, but also to the colder weather conditions, which particularly affected sales of district heating during the period. Higher price levels in the electricity market also contributed to the increase in sales.

Gas sales remained virtually unchanged. Sales of LPG declined as a result of the unfavorable competitive situation given current price levels.

Price levels on the Nord Pool exchange continued to increase, which affected sales prices to customers and the purchase prices paid by the sector. Margins were narrow due to the tough competitive situation. The price level in the gas market was higher than in the corresponding period of 2000 due to the correlation between the price of gas to the price of oil on both the purchasing and sales side. The price of oil rose sharply during 2000.

## **PRODUCTION BUSINESS SECTOR**

Net sales totaled SEK 4 391 M (3 726), of which sales to customers outside the Group accounted for SEK 513 M (312). Operating profit amounted to SEK 1 041 M (1 019).

### ***Electricity***

Electricity production totaled 16 185 GWh (14 204).

Hydroelectric power production amounted to 6 443 GWh (5 981). The increase was due to the higher run-off during 2000, which affected reservoir levels at the beginning of the year. In March, 365 GWh of hydroelectric power production was acquired from Birka Energi. The acquired production related to participations in companies that were formerly jointly owned by Sydkraft.

Nuclear power produced 9 259 GWh (7 849). In contrast to the preceding year, no reductions were made in nuclear production during the period, because of the low water levels in the Nordic system. During May 2001, the business sector was supplied with a further 8.5%, corresponding to 2 TWh, from the Forsmark nuclear power plant as a result of an agreement with Vattenfall. Sydkraft thus utilizes approximately 10% of Forsmark's production capacity.

A total of 483 GWh (374) of electricity was produced via co-generation, gas turbine and windpower plants during the year. The increase was due to electricity production from the acquired co-generation facility in Norrköping.

### ***Heat***

Heat production amounted to 3 433 GWh (2 335). District heating production increased due to the acquisition of Norrköping's heat operations and a colder first quarter, compared with the first quarter of the preceding year, and amounted to 2 861 GWh (1 896). Deliveries of Total heat rose to 572 GWh (439) as a result of newly contracted volumes during 2000, the full effects of which are now being felt, in combination with colder weather conditions.

Heat operations continued to expand through a number of acquisitions. In Sweden, district heating operations were acquired during the year in Nora, Mora and Åmål.

In Denmark and Poland, several small acquisitions were made during the period and Sydkraft is one of the four companies currently involved in negotiations as the district heating company in the Estonian capital of Tallinn prepares for privatization.

### ***Waste-handling***

The new Waste-handling business segment consists of the operations conducted by Sydkraft SAKAB and Sydkraft EcoPlus.

The newly established company Sydkraft EcoPlus will develop, own and market total concepts for the handling of customer waste products and ownership of installations for refuse disposal. The customer base will include companies, government authorities and municipalities.

Sydkraft SAKAB handles hazardous waste and the production of heat. During the first half of the year, heat production amounted to 36 GWh. The handling of hazardous waste was affected by a number of stoppages during June and the early part of July.

## **DISTRIBUTION BUSINESS SECTOR**

Net sales totaled SEK 3 119 M (2 605), of which sales to customers outside the Group accounted for SEK 2 215 M (1 911). Operating profit amounted to SEK 803 M (690).

During the period, the sector transported 18 253 GWh (16 445) of electricity.

The increase in net sales was mainly the result of increased transported volumes, due in part to acquired companies. Hikes made in the price of oil, which affected both the purchasing and selling price of natural gas, also contributed to the increase.

Since the beginning of the year, Östernärke's Kraft, Nora Bergslags Energi and Östnät (formerly Norrköping Miljö & Energi), with a combined total of 125 000 customers, have been added. The agreement with Vattenfall in May also provided Sydkraft with 49% of the shares in the Fredrikstad Energiverk group in Norway and a further 74 000 customers.

Continued efficiency-enhancing and rationalization measures enabled the sector to maintain the positive development of its cost structure and improve its operating earnings. Acquisitions, higher levels of transported volumes in the original distribution area and the trend of oil prices on the gas front also made a contribution to the improvement.

The expansion of the natural gas network in the Gnosjö-Gislaved area has been started and efforts to bring about a second import channel for natural gas (Baltic Gas Interconnector) are continuing.

## **CONSULTING AND CONTRACTING BUSINESS SECTOR**

Net sales totaled SEK 1 427 M (1 153). Sales to customers outside the Group accounted for SEK 885 M (649), which means that the proportion of external projects undertaken rose from 56% to 62%. Operating profit amounted to SEK -13 M (12).

Compared with the corresponding half of 2000, the sector has been subject to extensive restructuring. During the latter part of 2000, Sycon acquired a number of consulting operations in Sweden and Denmark. Through the Group's acquisition of the NME group, NME Service was consolidated in the sector as of January 1, 2001. During the spring, the company's operations were restructured and its name was changed to Enista AB. Evicom's operations were transferred to Sydkraft Bredband, which is not a part of the sector. Furthermore, ElektroSandberg's installation operations were sold to the NEA group.

A significant portion of sales takes place in the energy sector. The situation for the companies in the business sector continues to be characterized by the rationalization and efficiency-enhancement measures being conducted in the energy sector, resulting in reduced project volumes. In combination with tougher competition and lower prices this has resulted in unsatisfactory profitability for certain units, especially on the contracting side.

## **ENERGY TRADING**

Net sales totaled SEK 3 242 M (3 031), of which sales to customers outside the Group amounted to SEK 1 213 M (1 448). Operating profit amounted to SEK 403 M (62).

During the first half of the year, the financial energy market was marked by rising prices. This was primarily due to the spring run-off in Norway being lower than normal. At mid-year, reservoir levels in Sweden and Norway were approximately 30 TWh lower than at the corresponding time in 2000. These conditions have led to a gradual escalation of spot prices. The average spot price in Sweden during the period was SEK 221/MWh, compared with SEK 117/MWh in the corresponding six months of 2000.

The increase in earnings was primarily due to strongly improved trading results and lower purchasing prices.

## **INVESTMENTS AND ACQUISITIONS**

Group investments during the period totaled SEK 9 327 M (1 466). Of these, SEK 781 M (655) pertained to fixed-asset investments in existing operations, SEK 5 999 M (55) to acquired subsidiaries and SEK 2 547 M (756) to participations in associated companies and other shares.

At the beginning of the year, Sydkraft acquired the remaining shares outstanding in Norrköping Miljö & Energi for SEK 1 482 M. As a result, NME became a wholly owned Sydkraft Group subsidiary.



Notable acquisitions during the beginning of the year included Sydkraft subsidiary Sycon's acquisitions of the Danish consulting companies Steensen & Varming, Knudsen & Sørensen and Frigo Consult, and the acquisition of Birka Energi's participations in the Korsselbränna, Dabbsjö and Bergvattnet power plants on the Fjällsjöälven, the Betsele and Hällforsen plants on the Umeälven, the Storfinnforsen power plant on the Faxälven and the Olden power plant on the Långan tributary

During the second quarter, fixed-asset investments in existing operations amounted to SEK 441 M (334).

In April Sydkraft acquired district heating operations in Åmål from Riksbyggen for approximately SEK 35 M. The acquisition also included small heat production plants in other areas of Sweden.

As a result of the agreement reached in May with Vattenfall, regarding Sydkraft's holding in HEW, the Group will receive 8.5% of the shares in Forsmark Kraft AB and a holding in the listed Norwegian company, Hafslund AS, corresponding to 31.7% of the votes and 20.5% of the equity. The agreement also covers several other network areas in Östergötland (Sweden), with approximately 46 000 customers. In addition, a 49% holding was obtained in the Norwegian company Fredrikstad Energiverk AS, and 35% of the shares in both Fredrikstad Energinet AS and Fredrikstad Fjernvarme AS. The holding in Hafslund has subsequently been expanded and amounted to 34.9% of the votes and 26.4% of the equity in the company at mid-year.

The decision has been taken to construct a waste-fueled boiler in Norrköping for the production of about 550 GWh of district heating. The decision has also been made and permits obtained to build a new incineration line at SAKAB with a capacity of 75 000 tons. Combined, the investments total approximately SEK 900 M.

## **CASH FLOW AND FINANCIAL POSITION**

Sydkraft's cash flow from operations during the period amounted to SEK 2 603 M (2 606). Cash flow after investments amounted to SEK 4 349 (1 102).

Interest-bearing net liabilities totaled SEK 18 357 M (19 077). At year-end 2000, net loan debt amounted to SEK 20 438 M. The change is a net effect of new borrowings for company acquisitions and the substantial cash contribution generated by the sale of the holdings in HEW and E.ON.

Including cash investments, the Group had liquid funds of SEK 5 285 M (1 499) at the end of the period. At year-end 2000, liquid funds amounted to SEK 1 214 M. The sharp increase was due to the sale of shares noted above, combined with an increase in long-term borrowing at the beginning of the year.

The equity/assets ratio was 40% (41). At year-end 2000, the equity/assets ratio was 41%.

**PARENT COMPANY**

The Parent Company's net sales during the period amounted to SEK 2 669 M (2 952).

Profit after net financial items totaled SEK 4 418 M (1 337). Profit includes a capital gain on the sale of Sydkraft's holdings in HEW and E.ON AG amounting to SEK 2 661 M.

Liquid funds, including cash investments, amounted to SEK 4 986 M (1 150), up by SEK 4 335 M since year-end 2000. Interest-bearing liabilities amounted to SEK 19 626 M (16 519), reflecting an increase of SEK 3 074 M since year-end 2000.

Investments for the period totaled SEK 5 893 M (771), of which investments in shares accounted for SEK 5 890 M (770).

**DELISTING FROM STOCKHOLM EXCHANGE**

On June 29, the Board decided to request that Sydkraft AB's A and C shares be delisted from the A list of the Stockholm Exchange as of September 28, 2001. The reason for this request is that with its new ownership structure, Sydkraft no longer meets the requirements for a listing on the Stockholm Exchange's A List. Furthermore, there is insufficient turnover volume to warrant effective trading in the Sydkraft share. All shareholders, today around 1 100 in total, will receive a reminder about the Board's decision at the end of August.

**NEW ACTIVITIES AND OUTLOOK**

During the past year, Sydkraft has made extensive acquisitions in Sweden, Denmark, Norway and Poland. Through the acquisition of SAKAB, the Group has been provided with a new area of business. The establishment of Sydkraft EcoPlus, which will develop, own and market total concepts for the handling of waste, results in the further development of this business. Broadband is another example of a new type of business operation for the Group.

In the foreseeable future, it is important for Sydkraft to continue the integration of the companies it has acquired and to consistently develop its new areas of business.

The trend of operating earnings was favorable during the first half of the current year due to increased energy sales, continued cost-efficiency measures and higher prices. The capital gains related to the sale of the HEW and E.ON AG holdings described earlier also occurred during this period. The outlook for the remainder of 2001 is judged to remain favorable.

**KEY FIGURES**

	<b>Q2 01</b>	<b>Q2 00</b>	<b>Q2 99</b>
Net sales, SEK M	8 973	7 390	7 701
Operating profit, SEK M	3 581	1 905	2 030
Profit after financial items, SEK M	4 746	1 533	1 650
Operating margin, % <sup>1) 2)</sup>	33.0	21.7	21.7
Profit margin, % <sup>2)</sup>	40.3	19.3	19.2
Return on equity, % <sup>2)</sup>	21.2	9.1	10.1
Return on capital employed, % <sup>2)</sup>	17.2	9.4	10.3
Equity/assets ratio, %	40	41	41
Earnings per share, SEK <sup>3)</sup>	19.24	5.35	5.70
Sales of electricity, GWh	17 987	14 452	16 320
Sales of gas, GWh	4 312	4 283	4 528
Sales of heat, GWh	3 433	2 335	2 483

<sup>1)</sup> The operating margin does not include participations in the results of associated companies.

<sup>2)</sup> Most recent 12-month period..

<sup>3)</sup> No. of shares 191 000 332.

**CONSOLIDATED STATEMENT OF INCOME**

Amounts in SEK M

	April – June 2001	April – June 2000	January – June 2001	January – June 2000	July 2000– June 2001	Full-year 2000
<b>Net sales</b>	<b>4 028</b>	<b>3 008</b>	<b>8 973</b>	<b>7 390</b>	<b>15 910</b>	<b>14 327</b>
Operating expense	-2 865	-2 035	-5 747	-4 828	-10 672	-9 753
Depreciation and write-downs of fixed assets	-548	-428	-1 078	-856	-1 905	-1 683
Other operating revenue/expense	1 112	11	1 262	11	1 917	666
Result from participations in associated companies	84	59	171	188	406	423
<b>Operating profit</b>	<b>1 811</b>	<b>615</b>	<b>3 581</b>	<b>1 905</b>	<b>5 656</b>	<b>3 980</b>
Financial income	1 827	91	1 921	144	2 052	275
<b>Profit before financial expense</b>	<b>3 638</b>	<b>706</b>	<b>5 502</b>	<b>2 049</b>	<b>7 708</b>	<b>4 255</b>
Financial expense	-301	-257	-756	-516	-1 291	-1 051
<b>Profit after financial income and expense</b>	<b>3 337</b>	<b>449</b>	<b>4 746</b>	<b>1 533</b>	<b>6 417</b>	<b>3 204</b>
Taxes	-650	-146	-1 071	-504	-1 593	-1 026
Minority interest	2	-3	1	-7	-11	-19
<b>Net profit for the period</b>	<b>2 689</b>	<b>300</b>	<b>3 676</b>	<b>1 022</b>	<b>4 813</b>	<b>2 159</b>
<b>Profit per share, SEK</b>	<b>14.08</b>	<b>1.57</b>	<b>19.24</b>	<b>5.35</b>	<b>25.19</b>	<b>11.30</b>

**CONSOLIDATED BALANCE SHEET**

Amounts in SEK M

	June 30, 2001	June 30, 2000	December 31, 2000
<b>Assets</b>			
Fixed assets	50 868	44 887	47 652
Current assets	5 744	4 588	5 349
Liquid funds	5 285	1 499	1 214
<b>Total assets</b>	<b>61 897</b>	<b>50 974</b>	<b>54 215</b>
<b>Equity and liabilities</b>			
Equity	24 583	20 851	21 982
Minority interest	58	76	75
Provisions for deferred tax	7 397	5 213	5 480
Other provisions	594	475	558
Interest-bearing liabilities	23 642	20 576	21 652
Non interest-bearing liabilities	5 623	3 783	4 468
<b>Total equity and liabilities</b>	<b>61 897</b>	<b>50 974</b>	<b>54 215</b>

**CONSOLIDATED EQUITY**

Amounts in SEK M

	2001 Jan-June	2000 Jan-June	2000 Full-year
Opening balance, shareholders' equity	21 982	20 734	20 734
Effect of change in accounting principles <sup>1)</sup>	-307	-	-
<b>Adjusted opening balance</b>	<b>21 675</b>	<b>20 734</b>	<b>20 734</b>
Translation differences	139	2	-4
Dividend	-907	-907	-907
Profit for the period	3 676	1 022	2 159
<b>Closing balance, shareholders' equity</b>	<b>24 583</b>	<b>20 851</b>	<b>21 982</b>

<sup>1)</sup> During the period, adjustment has been made to conform to recommendation no. 9 of the Swedish Financial Accounting Standards Council, "Accounting of Income taxes," as a

*consequence of which shareholders' equity has been reduced by SEK 307 M and deferred tax liability has been increased by a corresponding amount.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in SEK M

	April-June 2001	April -June 2000	January- June 2001	January- June 2000	July 2000– June 2001	2000 Full-year
Cash flow before change in working capital	888	793	2 290	1 988	3 934	3 632
Change in working capital	861	180	313	618	57	362
<b>Cash flow from operations</b>	<b>1 749</b>	<b>973</b>	<b>2 603</b>	<b>2 606</b>	<b>3 991</b>	<b>3 994</b>
Fixed assets sold, including shares	7 984	-	8 160	21	8 191	52
Acquisitions of Group companies	-3 576	-29	-5 633	-870	-7 005	-2 242
Investments in plants	-441	-334	-781	-655	-1 576	-1 450
<b>Cash flow after investments</b>	<b>5 716</b>	<b>610</b>	<b>4 349</b>	<b>1 102</b>	<b>3 601</b>	<b>354</b>
Net borrowing/amortization	-2 984	-170	629	-25	1 092	438
Dividends paid	-907	-930	-907	-930	-907	-930
<b>Change in liquid funds</b>	<b>1 825</b>	<b>-490</b>	<b>4 071</b>	<b>147</b>	<b>3 786</b>	<b>-138</b>

Malmö, August 20, 2001

Lars Frithiof, CEO

Financial information published by Sydkraft in 2001:	
Interim report, June 30	August 20
Interim report, September 30	November 16
Year-end report	End of March, 2002
Annual Report 2001	April 2002

*Note: Figures within parentheses refer to corresponding period in 2000.*

**REVIEW REPORT**

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR).

A review is considerably more limited in scope than an audit.

Nothing has come to our attention that indicates that this interim report does not comply with the requirements of the Securities and Clearing Operations Act and the Annual Accounts Act.

Malmö, August 20, 2001

Torbjörn Hanson  
Authorized Public  
Accountant

Gilbert Larsson  
Authorized Public Accountant