



Lundbergs

Interim report January – June 2004

- Net sales totaled SEK 9,580 m. (9,423).
- Profit after taxes amounted to SEK 599 m. (458), corresponding to earnings of SEK 9.66 (7.38) per share.

L E Lundbergföretagen AB (publ)

Phone: +46-8-463 06 00 or +46-11-21 65 00 Fax: +46-8-611 66 09 or +46-11-21 65 65

E-mail: lundbergs@lundbergs.se Website: www.lundbergs.se

Company registration number: 556056-8817

Registered Head Office: Stockholm

THE GROUP

The Group's operations consist of real estate management activities, the manufacture and sale of newsprint, magazine paper, paperboard and sawn wood products, as well as forest and power operations and equity management (including securities trading).

The Group's total operations are described below. More detailed information about the Group's business sectors (Lundbergs, Hufvudstaden and Holmen) is presented on pages 3-5. The Parent Company is described on page 6.

Sales and operating profit

The Group's net sales amounted to SEK 9,580 m. (9,423), of which Lundbergs accounted for SEK 1,106 m. (737), Hufvudstaden for SEK 687 m. (675) and Holmen for SEK 7,787 m. (8,011). Operating profit totaled SEK 1,938 m. (1,845). The corresponding operating profit for the business sectors was SEK 393 m. (293) for Lundbergs, SEK 578 m. (318) for Hufvudstaden and SEK 980 m. (1,239) for Holmen.

Financial items amounted to an expense of SEK 213 m. (expense: 256), of which net interest expense accounted for SEK 234 m. (expense: 258). Profit after financial items totaled SEK 1,725 m. (1,588). After minority interest, net profit after taxes amounted to SEK 599 m. (458), which corresponds to earnings of SEK 9.66 (7.38) per share.

Investments in shares

Investments are reported below, under the various business sectors and the Parent Company.

Financing

Interest-bearing net debt increased by SEK 1,875 m. to SEK 11,128 m. (Dec 31, 2003: 9,253), due mainly to an extraordinary dividend paid by Holmen to minority shareholders. Interest-bearing liabilities amounted to SEK 11,752 m. (Dec 31, 2003: 10,119) and interest-bearing assets to SEK 624 m. (Dec 31, 2003: 866). The equity/assets ratio was 53% (Dec 31, 2003: 56). The debt/equity ratio was 0.47 (Dec 31, 2003: 0.39). The Group's shareholders' equity was SEK 12,237 m. (Dec 31, 2003: 12,054) and the minority interest amounted to SEK 12,685 m. (Dec 31, 2003: 13,790).

Repurchase of own shares

The Annual General Meeting on April 1, 2004 renewed the Board's authorization to repurchase Series B Lundbergs shares during the period up to the next Annual General Meeting 2005. At its statutory meeting, the Board decided to utilize the renewed authorization, which enables the repurchase of not more than 10% of the total number of issued shares if and when this is deemed appropriate. As at June 30, 2004, 145,483 Series B Lundbergs shares had been repurchased for a total of SEK 30 m., or an average of SEK 205.09 per share. The repurchased shares correspond to 0.23% of the share capital and 0.05% of the voting rights. During the first quarter of 2004, 75,083 shares were repurchased. No additional shares were repurchased during the period up to August 17, 2004. The average number of shares outstanding during the period covered by this interim report was 62,026,259. The number of shares outstanding on June 30, 2004 was 62,000,000.

Share buyback programs have also been decided within Cardo, Hufvudstaden, Holmen, NCC and Ramirent.

Accounting principles

This report has been compiled in accordance with the Annual Accounts Act, the Financial Accounting Standards Council's recommendations and the pronouncements of the Financial Accounting Standards Council's Emerging Issues Task Force. The accounting principles applied in this interim report are identical to those applied for the 2003 Annual Report. The Financial Accounting Standards Council's recommendation RR 29 – Employee Benefits became effective on January 1, 2004. From Lundbergs' viewpoint, the introduction of this recommendation required a recalculation of pension obligations in accordance with the PRI/FPG system at the beginning of 2004. As a result, the pension liability rose by SEK 5 m. The change has been reported against shareholders' equity. Application of the new recommendation had no impact on pension costs during the period. The recommendation did not require an adjustment of Hufvudstaden's opening balances. Within Holmen, the Financial Accounting Standards Council's recommendation RR 29 had been applied in advance. The Group's pension liability at December 31, 2003 was increased by SEK 75 m., after tax considerations, an amount that was reported directly against shareholders' equity.

In addition to the defined-benefit obligations described above, the Group has obligations under the ITP plan via insurance policies with Alecta, which are classified as defined-benefit plans that cover several employers. This entails that the Group must report its proportional share of the defined-benefit obligations, as well as of the investment assets and costs associated with the plan. According to information received from Alecta, such details cannot be provided at present and, accordingly, the plan is reported as a defined-contribution plan until further notice.

Unless indicated otherwise, the figures presented within parentheses pertain to comparative results for the corresponding period in the preceding year. Since the figures have been rounded off in certain cases, the amounts in tables and calculations do not always tally.

Transition to IFRS

As of January 1, 2005 Lundbergs will apply International Financial Reporting Standards (IFRS) in its consolidated accounts. These standards are the result of an EU ordinance that applies to all exchange-listed companies in the EU. A report on the transition to IFRS was presented on page 30 of the 2003 Annual Report. Apart from this information, no further changes of material importance have been identified, compared with the current accounting principles.

REPORTING BY BUSINESS SECTOR

Lundbergs

In this context, Lundbergs is defined as the Parent Company L E Lundbergföretagen AB and its wholly owned subsidiaries and, in certain cases, the subsidiaries' groups of companies active within real estate management and equity management operations (including securities trading), plus associated companies. Hufvudstaden and Holmen are presented below as separate business sectors.

Sales and earnings

Net sales totaled SEK 1,106 m. (737). Operating profit amounted to SEK 393 m. (293). The increased sales and operating profit were attributable to equity management.

Real estate management

Net rental revenues increased by 2.0% to SEK 424 m. (415), with housing revenues rising by 3.1% to SEK 209 m. (202) and revenues from commercial premises, etc. by 0.8% to SEK 215 m. (213).

The average vacancy rate for the period was 2.9% (average in 2003: 2.7), of which the vacancy rate for housing was 0.9% (average in 2003: 0.6) and the rate for commercial premises was 4.7% (average in 2003: 4.7).

Property costs rose to SEK 217 m. (200). Costs for maintenance and tenant-oriented property improvement accounted for SEK 13 m. of the increase and heating costs for SEK 3 m., due to a colder winter and rate increases.

In April 2004 participations in 50%-owned limited partnership Ranten were sold for SEK 11 m., resulting in a pretax capital gain of SEK 7 m. The company included the Kronhjorten 22 property in Falköping.

Gross profit amounted to SEK 209 m. (215) and operating profit to SEK 202 m. (201).

Investments

Effective March 1, 2004, a retail property in central Norrköping was acquired for SEK 73 m. As a result of the acquisition, Lundbergs owns the entire Linden Shopping Mall. Apart from the aforementioned acquisition, SEK 11 m. (12) was invested in wholly and partly owned properties during the year.

The investment properties, excluding properties acquired during the period, had a book value of SEK 2,594 m. (2,596). On an annualized basis, these properties generated a yield (operating net in relation to book value) of 18.7% (19.4). The Group's development properties had a book value of SEK 122 m. (127). The estimated fair value of the properties is based on internal and independent valuations. The assessment is that the total value of the properties has not changed significantly since December 31, 2003. The only adjustments that have been made are for investments and divestments during the first half of 2004. Subsequently, the estimated fair value of the real estate portfolio on June 30, 2004 was SEK 6,984 m. (Dec 31, 2003: 6,911).

Equity management

Net sales amounted to SEK 663 m. (311). The increase was due to higher revenues from securities trading.

In 1998, Holmen issued a convertible debenture loan and warrants to its employees at market price. In accordance with the agreements concerned, the conversion and subscription terms have been recalculated on the basis of the average share price during a period in April-May in order to compensate the holders for the extraordinary dividend paid out in 2004. As a result, a total of approximately 4.8 million shares were issued and the Group's share of Holmen's shareholders' equity was reduced. This resulted in a dilution effect of SEK 64 m., which had a negative impact on earnings.

Results from participations in associated companies amounted to profit of SEK 138 m. (loss: 7), of which Cardo accounted for profit of SEK 2 m. (20), NCC for profit of SEK 125 m. (loss: 35), Ramirent for loss of SEK 1 m. (-) and Stadium for profit of SEK 11 m. (8). These results include a reversal of SEK 80 m. of a previous write-down of the share in NCC's equity.

Operating profit amounted to SEK 191 m. (93).

Major shareholdings in publicly traded companies

Acquisitions and percentage holdings of voting rights and share capital are presented on page 6.

Other publicly traded shareholdings

Holdings of other publicly traded securities had a book value of SEK 222 m. (Dec 31, 2003: 254) and a market value of SEK 238 m. (Dec 31, 2003: 272). The corresponding amounts on August 17, 2004 were SEK 217 m. and SEK 228 m., respectively.

Unlisted shareholdings

The Other securities item includes Stadium shares with a book value of SEK 250 m. (250).

Financing

Net interest-bearing debt decreased to SEK 2,105 m. (Dec 31, 2003: 2,296). Interest-bearing liabilities amounted to SEK 2,167 m. (Dec 31, 2003: 2,324) and interest-bearing assets to SEK 62 m. (Dec 31, 2003: 28). On June 30, 2004, the average period of fixed interest was approximately 22 months and the average interest rate was 4.0% (4.2).

Current report period April - June 2004

Real estate management

Net rental revenues increased by 2.3% to SEK 212 m. (207), with housing revenues rising by 2.8% to SEK 104 m. (101) and revenues from commercial premises, etc. 1.9% to SEK 108 m. (106).

The average vacancy rate during the second quarter was 3.0% (2.8) of which the vacancy rate for housing was 1.1% (0.5) and the rate for commercial premises was 4.7% (4.9).

Property costs increased by SEK 9 m. to SEK 101 m. (92). The increase was due to higher maintenance and tenant-oriented property improvement costs, which totaled SEK 33 m. (24).

Results per quarter

Quarter	I	II	III	IV	Full year
Rental revenues etc, SEK m.					
2004	210	211			
2003	207	207	208	207	829
Operating net, SEK m.					
2004	115	129			
2003	118	135	135	112	499
Vacancy rate, %					
2004	2.8	2.9			
2003	2.5	2.7	2.8	2.8	2.7

The figures have been adjusted for the effects of rental revenues and operating net from sold and acquired properties.

Equity management

Operating profit amounted to SEK 145 m. (138) during the second quarter. Profit includes a reversal of SEK 32 m. of a previous write-down of the share in NCC's equity. During the second quarter of 2004, shares in Industrivärden (Series A) were acquired for SEK 283 m.

Hufvudstaden

Hufvudstaden's operations involve the ownership and management of commercial office and retail properties in central Stockholm and central Gothenburg.

Sales and earnings

Net sales totaled SEK 687 m. (675). Operating profit amounted to SEK 578 m. (318).

Real estate management

Net rental revenues during the period increased by 1.4% to SEK 647 m. (638).

The total vacancy rate on June 30, 2004 was 9.1% (Dec 31, 2003: 8.1).

Costs amounted to SEK 274 m. (311), of which special projects accounted for SEK 17 m. (49).

Gross profit amounted to SEK 372 m. (327). Excluding special projects, gross profit amounted to SEK 389 m. (376), a rise of 3.4%.

During May and June, respectively, the Schönborg 6 and Roddaren 58 properties in Stockholm were divested for SEK 168 m. and SEK 295 m., respectively. The property sales had an effect on earnings of SEK 215 m.

Other operations

Other operations comprise the Parkaden parking business and conference activities at the World Trade Center in Stockholm. Net sales amounted to SEK 41 m. (41). Costs amounted to SEK 37 m. (37) and gross profit to SEK 4 m. (4).

Investments

Investments amounted to SEK 31 m. (69). The properties had a book value of SEK 11,338 m. (11,615). The estimated fair value of the real estate portfolio on December 31, 2003 was SEK 14,700 m., following an adjustment for divested properties. It is estimated that no major changes in market value occurred during the period.

Financing

Net interest-bearing debt amounted to SEK 3,458 m. (Dec 31, 2003: 3,588). Interest-bearing liabilities amounted to SEK 3,480 m. (Dec 31, 2003: 3,751) and interest-bearing assets to SEK 22 m. (Dec 31, 2003: 163). The average period of fixed interest was approximately 26 months (Dec 31, 2003: 29), the average maturity for capital amounts was 23 months (Dec 31, 2003: 26) and the average interest rate was 5.0% (Dec 31, 2003: 5.3).

Current report period April - June 2004

Net rental revenues were unchanged at SEK 321 m. (321).

Real-estate management costs amounted to SEK 135 m. (138), including SEK 4 m. (10) for special projects.

Gross profit from real-estate management amounted to SEK 186 m. (183). Excluding costs for special projects, gross profit amounted to SEK 190 m. (193).

Gross profit from Other operations amounted to SEK 1 m. (2). Net sales amounted to SEK 20 m. (20) and the cost of operations to SEK 18 m. (19).

Holmen

Holmen's operations consist of the manufacture and sale of newsprint and magazine paper (Holmen Paper), paperboard (Iggesund Paperboard) and sawn wood products, as well as forest and power operations.

Sales and earnings

Net sales amounted to SEK 7,787 m. (8,011). Demand for newsprint and magazine paper has continued to increase but the price level is low. Holmen Paper's deliveries were higher than in the first half of 2003, and capacity utilisation was high. The market situation for paperboard remained stable. Iggesund Paperboard's capacity utilisation was high and deliveries rose in relation to the first half of 2003.

Operating profit amounted to SEK 980 m. (1,239). The decline in the profit is due to lower newsprint prices and unfavourable currency effects, which were partly offset by higher delivery volumes.

Investments

Investments totaled SEK 480 m. (352) and related mainly to improvements to existing facilities and to the ongoing investment in a new paper machine in Madrid.

Financing

Net interest-bearing debt amounted to SEK 5,565 m. (Dec 31, 2003: 3,369). In addition to the positive cash flow (SEK 530 m.), net indebtedness was affected by the payment of dividends (neg: SEK 3,199 m.) and the conversion of the debenture loan and subscription of shares (SEK 474 m.). Interest-bearing liabilities totaled SEK 6,105 m. (Dec 31, 2003: 4,044), of which current liabilities accounted for SEK 3,854 m. (Dec 31, 2003: 2,130). Interest-bearing assets amounted to SEK 540 m. (675). Holmen has unutilized committed lines of credit totaling approximately SEK 5,300 m.

Hedging of exchange rates and electricity prices

The result of currency hedging for January-June 2004 was SEK 56 m. For 2004, approximately 95% of estimated flows in EUR and approximately 85% of estimated flows in GBP have been hedged at exchange rates of SEK 9.40 and SEK 14.25, respectively. For 2005, approximately 90% of flows in EUR have been hedged at an exchange rate of SEK 9.40.

The predominant part of the Group's estimated net consumption of electricity in Sweden during 2004 has been hedged. Approximately 65% of consumption in 2005, approximately 40% in 2006 and approximately one third of consumption in the period 2007-2011 has been hedged.

Current report period April - June 2004

Operating profit declined by SEK 153 m. to SEK 451 m. (604). Net sales amounted to SEK 3,884 m. (4,010).

Holmen Paper

Demand for newsprint and magazine paper continued to rise. Compared with the first quarter, profit rose by SEK 2 m. to SEK 113 m.

Iggesund Paperboard

The market situation for paperboard was stable during the second quarter. Deliveries declined by approximately 5% compared with the first quarter. Capacity utilization remained high and the price situation was stable. Compared with the first quarter, profit declined by SEK 40 m. to SEK 205 m., due mainly to the lower deliveries and a changed market mix.

Timber products (Iggesund Timber), forest products (Holmen Skog) and power (Holmen Kraft)

Compared with the first quarter, Iggesund Timber's profit decreased by SEK 3 m. to SEK 3 m. Holmen Skog's earnings were unchanged compared with the first quarter. Holmen Kraft's earnings declined by SEK 40 m. to SEK 19 m., due mainly to lower sales volumes.

PARENT COMPANY

L E Lundbergföretagen AB (publ) reported net sales of SEK 1,109 m. (756) and profit of SEK 1,360 m. (431) after net financial items. The main reasons for the higher sales and earnings were an extraordinary dividend of SEK 661 m. from Holmen and dividend from the expanded Industrivärden holding. In addition, a reversal of a previous write-down of the NCC holding had a positive effect of SEK 215 m. The Parent Company's liquidity is satisfactory. Investments amounted to SEK 715 m. (516).

Investments in shares

Purchases between January 1 and August 17, 2004, comprised Industrivärden shares (Series A) for SEK 701 m. During the second quarter Industrivärden shares (Series A) were acquired for SEK 283 m. The percentages of Holmen's and Ramirent's share capital and voting rights were affected by new share issue and the percentage of NCC's voting rights was affected by the restamping of shares. The tables below show the voting rights, percentage holding, book value and market value of the Group's shareholdings.

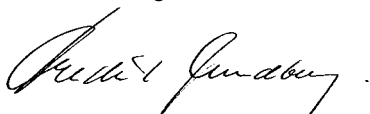
	August 17, 2004		June 30, 2004		December 31, 2003	
%	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights	Share-holding
Altima ¹⁾	-	-	-	-	13.6	13.6
Cardo	36.0	36.0	36.0	36.0	36.0	36.0
Holmen	51.4	26.0	51.4	26.0	52.2	27.5
Hufvudstaden	88.0	45.2	88.0	45.2	88.0	45.2
Industrivärden	14.4	10.5	14.4	10.5	10.7	7.8
NCC	18.4	13.6	18.4	13.6	17.7	13.6
Ramirent ¹⁾	6.5	6.5	6.5	6.5	-	-

	August 17, 2004		June 30, 2004		December 31, 2003	
SEK m.	Book value	Market value ²⁾	Book value	Market value ²⁾	Book value	Market value ²⁾
Altima ¹⁾	-	-	-	-	94	98
Cardo	2,021	1,944	2,021	2,025	2,021	2,155
Holmen	2,597	4,910	2,597	4,963	2,597	5,709
Hufvudstaden	2,828	3,468	2,828	3,366	2,828	3,264
Industrivärden	2,280	2,602	2,280	2,764	1,579	1,815
NCC	979	1,001	979	979	764	764
Ramirent ¹⁾	94	132	94	129	-	-
TOTAL	10,798	14,058	10,798	14,226	9,882	13,805

1) In January 2004, a public offer for Ramirent shares in return for Altima shares was accepted. The Ramirent shares were received on January 30.

2) Publicly traded assets are entered at current market price or, for written options, at the exercise price if that the latter price is lower.

Stockholm, August 31, 2004



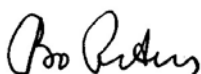
FREDRIK LUNDBERG
President

Auditors' review report for L E Lundbergföretagen AB (publ)

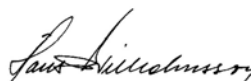
Corp. Reg. No: 556056-8817

We have reviewed this interim report and in this connection have followed the Recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is substantially more limited than an audit. Nothing has come to light that indicates that the interim report does not fulfill the requirements of the Annual Accounts Act.

Stockholm, August 31, 2004



Bo Ribers
Authorized Public Accountant



Hans Wilhelmsson
Authorized Public Accountant

Forthcoming financial information

Report on net asset value and results, January-September 2004	November 23, 2004
Interim report according to ÅRL, January-September 2004	November 30, 2004
Report on net asset value and results, January-December 2004	February, 2005
Year-end report 2004	February, 2005
Annual report 2004	March, 2005

CONSOLIDATED INCOME STATEMENTS

SEK m.	January - June		Quarter II		Full year
	2004	2003	2004	2003	2003
LUNDBERGS					
Real estate management					
Operating revenues, etc.	426	415	215	207	845
Operating expenses	-98	-94	-39	-39	-175
Property tax	-19	-19	-10	-9	-38
Maintenance and tenant-oriented property improvements	-62	-49	-33	-24	-118
Direct sales and administrative costs, etc.	-21	-21	-10	-11	-42
Depreciation	-19	-17	-10	-9	-34
Write-downs/reversals of write-downs	-	-0	-	-	1
Gross profit	209	215	113	115	439
Central administrative costs, etc.	-14	-17	-6	-9	-33
Gain on sales of fixed assets	7	3	7	-	8
Operating profit	202	201	115	106	414
Asset management					
Dividends	100	72	-	72	72
Gain/loss on securities	-39	38	32	30	58
Operating expenses	-8	-10	-1	-5	-24
Result from participations in associated companies	138	-7	114	41	-6
Operating profit	191	93	145	138	100
OPERATING PROFIT, LUNDBERGS	393	293	260	244	514
HUFVUDSTADEN					
Revenues from real estate management	647	638	321	321	1 286
Revenues from other operations	41	41	20	20	83
Operating expenses and administrative costs	-110	-108	-55	-50	-222
Maintenance and tenant-oriented property improvements	-36	-68	-17	-20	-162
Ground rents	-17	-17	-8	-8	-34
Property tax	-57	-65	-28	-33	-129
Depreciation	-55	-52	-27	-26	-106
Other operations, expenses	-37	-37	-18	-19	-74
Gross profit	376	330	188	185	642
Central administrative costs, etc.	-13	-13	-7	-6	-29
Gain on sales of fixed assets	215	-	215	-	-
OPERATING PROFIT, HUFVUDSTADEN	578	318	396	179	613
HOLMEN					
Net sales	7,787	8,011	3,884	4,010	15,816
Operating expenses	-6,215	-6,186	-3,142	-3,111	-12,306
Depreciation	-609	-588	-304	-296	-1,182
Result from participations in associated companies	17	2	13	1	-6
OPERATING PROFIT, HOLMEN	980	1,239	451	604	2,322
Central administrative costs, etc.	-13	-5	-7	-2	-11
OPERATING PROFIT	1,938	1,845	1,100	1,024	3,438
RESULTS FROM FINANCIAL ITEMS					
Result from other securities and receivables classed as fixed assets	21	1	0	1	2
Interest income and similar income statement items	16	16	10	9	35
Interest expense and similar income statement items	-250	-274	-129	-138	-532
PROFIT AFTER FINANCIAL ITEMS	1,725	1,588	981	894	2,944
Taxes	-375	-475	-140	-262	-867
Minority share	-750	-655	-439	-335	-1,254
NET PROFIT	599	458	402	297	822
EARNINGS PER SHARE					
(there is no dilution effect)	9.66	7.38	6.48	4.79	13.25
Average number of shares outstanding	62,026,259	62,075,083	62,000,000	62,075,083	62,075,083

CONSOLIDATED BALANCE SHEETS

SEK m.	June 30 2004	June 30 2003	December 31 2003
ASSETS			
Fixed assets			
Intangible fixed assets	565	589	584
Tangible fixed assets	32,252	32,779	32,555
Financial fixed assets	7,661	6,557	7,059
	40,479	39,925	40,199
Current assets			
Properties classified as current assets	122	127	124
Other current assets	6,406	6,165	5,957
	6,528	6,292	6,081
TOTAL ASSETS	47,007	46,217	46,280
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	12,237	11,747	12,054
Minority interest	12,685	13,239	13,790
Provisions	7,740	7,167	7,726
Long-term liabilities	5,353	6,360	5,526
Current liabilities	8,992	7,704	7,184
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	47,007	46,217	46,280

CONSOLIDATED CASH FLOW STATEMENTS

SEK m.	January - June 2004	January - June 2003	Full year 2003
Cash flow from operations	964	2,090	4,560
Cash flow from investment activities	-928	-764	-1,909
Cash flow from financing activities	-300	-1,053	-2,386
Change in cash and bank balances	-263	273	266
Cash and bank balances, January 1	794	528	528
Cash and bank balances, period end	531	802	794

SHAREHOLDERS' EQUITY, GROUP

SEK m.	June 30 2004	June 30 2003	December 31 2003
January 1	12,054	11,780	11,780
Effect of new accounting principle	-5	-	-75
Adjusted amount at January 1	12,049	11,780	11,705
Dividend	-403	-372	-372
Repurchase of Parent company shares	-17	-	-
Translation differences, etc.	9	-119	-101
Net profit for the period	599	458	822
BALANCE, PERIOD END	12,237	11,747	12,054

KEY FIGURES, GROUP

	June 30 2004	June 30 2003	December 31 2003
Number of shares outstanding	62,000,000	62,075,083	62,075,083
Reported shareholders' equity per share, SEK	197	189	194
Debt/equity ratio, multiple	0.47	0.45	0.39
Equity/assets ratio, %	53	54	56