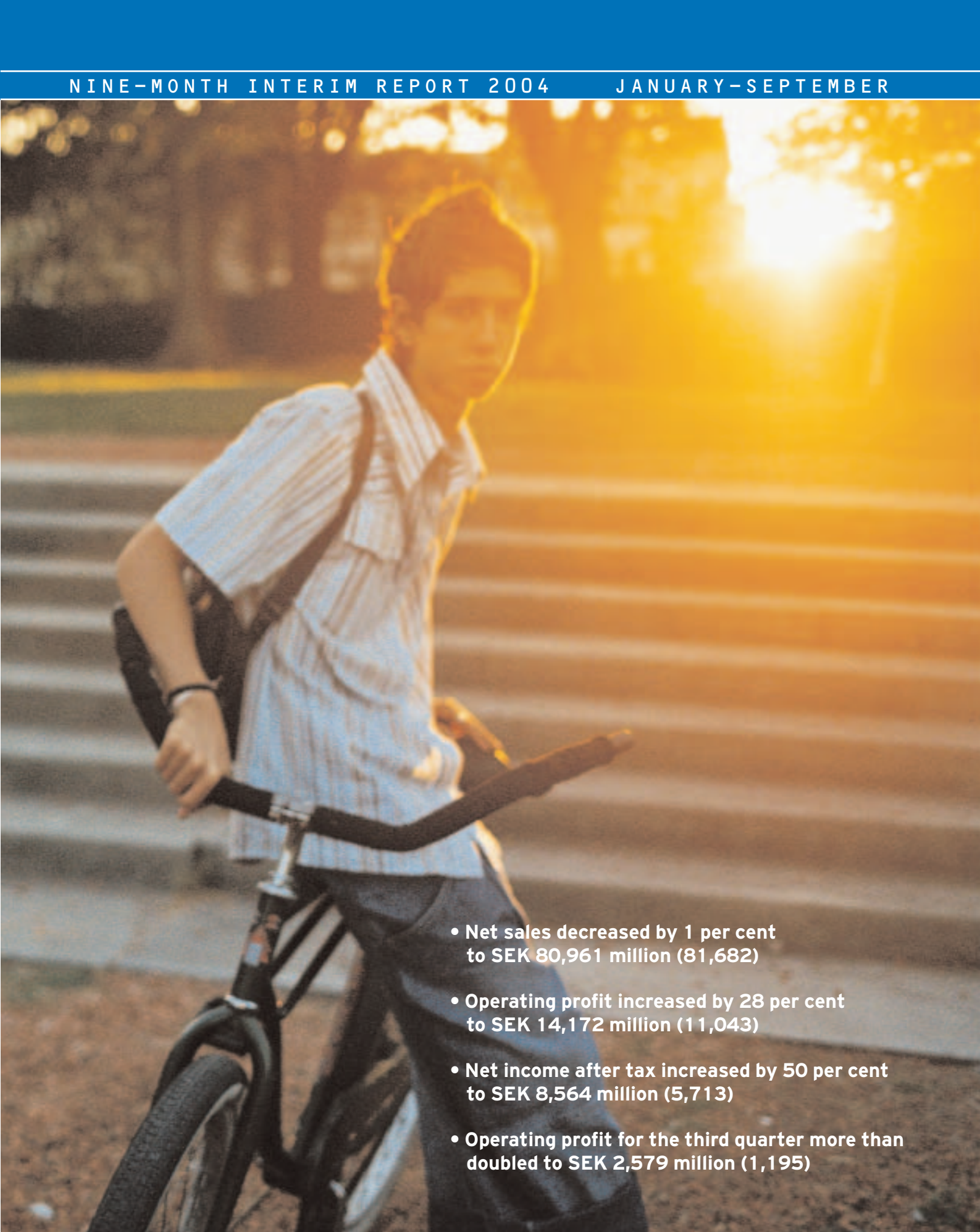


- 
- Net sales decreased by 1 per cent to SEK 80,961 million (81,682)
 - Operating profit increased by 28 per cent to SEK 14,172 million (11,043)
 - Net income after tax increased by 50 per cent to SEK 8,564 million (5,713)
 - Operating profit for the third quarter more than doubled to SEK 2,579 million (1,195)

Positive trend for first nine months

Operating profit for the period January to September increased by 28 per cent compared with the corresponding period the previous year. Operating profit increased despite lower electricity prices in the Nordic countries, due in part to a large share of electricity generation being sold at higher forward prices during the corresponding period in 2003, but also as a result of increased volumes and increased availability in generation. The operating profit includes items affecting comparability in the amount of SEK 510 million (-88). The majority of this amount is attributable to additional proceeds of SEK 448 million from the sale of our stake in Danish NESA in 2002. Lower average electricity prices in the Nordic countries during the first nine months resulted in a slight drop in net sales.

Our cash flow continues to be strong and net debt is gradually being reduced. During the first nine months, free cash flow amounted to SEK 14,132 million (12,143) and net debt decreased by SEK 9 billion. Return on net assets was 14.2 per cent on a rolling twelve-month basis while return on equity was 23.9 per cent, in both cases exclusive of items affecting comparability. In September 2003, the equivalent figures were 12.3 and 22.5 per cent respectively.

Strong third quarter

Operating profit for the third quarter was more than double that for the corresponding period the previous year. This improvement is mostly attributable to Nordic operations and an increase in hydro power generation. The deficit in the hydrological balance was greatly reduced during the latter part of the third quarter and was only 1.6 TWh at the end of September, to be compared with 22 TWh on June 30 this year. Moreover, in 2003, Barsebäck nuclear power plant was offline for extended periods, which resulted in reduced electricity generation last year. Net sales increased by 3 per cent during the third quarter compared with the third quarter of 2003, also mainly attributable to Nordic operations and increased volumes. No major structural changes were made during the period.

Market development

For the first nine months, the average price on Nord Pool's spot market was SEK 269 per MWh, which was 22 per cent lower than for the equivalent period in 2003. During the third quarter the average Nordic electricity price was SEK 274 per MWh, which was 3.5 per cent lower than for the third quarter of 2003 when the average price was SEK 284 per MWh. Total electricity consumption in the Nordic countries during the first nine months of 2004 amounted to 279 TWh (275). Heavy rainfall in recent months led to the normalisation of the hydrological balance compared with the deficit of about 15 TWh seen in September 2003.

In Germany, electricity prices on the German electricity exchange EEX averaged EUR 28.13 per MWh, about 3 per cent



lower than during the first nine months of 2003. In the third quarter the average electricity price was EUR 29.38 per MWh, to be compared with EUR 32.15 per MWh for the third quarter of 2003. Electricity consumption in Germany up to July was essentially unchanged in comparison with 2003. (Statistics for August and September not yet available.)

Nuclear power negotiations in Sweden discontinued

At the beginning of October, the Swedish government decided to discontinue negotiations with the Swedish nuclear power plant operators regarding the phasing out of nuclear power in Sweden. Negotiations have been underway for two years and Vattenfall, together with Fortum and Sydkraft, still consider it possible to reach agreement and to create long-term, stable conditions for electricity generation in Sweden and the entire Nordic electricity market. It is in everyone's interest to create clarity and predetermined conditions for Swedish and Nordic trade and industry. In this respect, nuclear power has an important role to play. At the beginning of October, the Swedish government also communicated the fact that Barsebäck 2 will be closed during 2005. This will not, however, have any significant financial impact on Vattenfall as compensation is expected in accordance with an existing agreement.

Increased focus on providing sustainable energy supply

An issue that is becoming increasingly central and that internationally the industry is joining forces in is the ability to provide a sustainable energy supply in the future. Areas under discussion include the separation and storage of carbon dioxide in the combustion of fossil fuels and nuclear power as realistic alternatives for growth. Vattenfall is correctly positioned within these areas. Our view of environmental issues is in agreement with these trends and our efforts within nuclear power follow the same line. Vattenfall will also continue to strengthen efforts within renewable energy. For Vattenfall, responsibility

is an important part of daily activities and our actions are based on a long-term environmental perspective in our efforts to fulfil one of our strategic ambitions – to be number one for the environment.

Another initiative that Vattenfall has taken is to join the Alliance for Global Sustainability, a collaboration between four universities: MIT in Boston, ETH in Zurich, Tokyo University and Chalmers University of Technology in Gothenburg. Through our membership and involvement in this organisation we contribute to increasing the focus on energy issues and to starting a more concentrated programme for energy solutions that contribute to sustainable societal development on a global scale.

More distinct market positioning for Vattenfall

Vattenfall is conducting extensive efforts throughout the Group to attain a common method for profiling our brand in all our markets. As a step in our strategic ambition to be number one for the customer, Vattenfall has appointed a Customer Ombudsman whose primary task is to find work methods and procedures that make the customer's meeting with Vattenfall as smooth and simple as possible. Moreover, at the beginning of October Vattenfall and TeliaSonera entered a multiyear collaborative agreement valued at a total of about EUR 100 million. TeliaSonera will install new intelligent electricity meters for Vattenfall's 360,000 Finnish network customers. The new electricity meters will enable customers to follow their hourly electricity consumption and receive simpler and more exact electricity bills, as well as benefit from faster service for enquiries concerning electricity agreements.

Acquisition opportunity in Denmark

Denmark is currently seeking ways to restructure the energy market in accordance with EU guidelines, and Vattenfall has made an offer to purchase shares in the Danish power company Elsam. The outcome is yet to be determined.

Elsam, which is primarily active in Jutland, is Denmark's largest electricity producer and Scandinavia's largest wind power producer. The company would be a most suitable partner for Vattenfall in Denmark for creating value in the evolving European energy market.

Vattenfall ready for the next step

We are approaching the end of 2004. The consolidation programme, with its focus on "closing the gap" and attaining the financial goals defined in 2001, is near completion. Vattenfall is now ready for the next step in achieving our vision of being a leading European energy company. During the coming years our work will be focused on our five strategic ambitions that form the basis of this vision, namely continued profitable growth, being the benchmark of our industry, becoming number one for the customer, becoming number one for the environment and being the employer of choice.



Lars G Josefsson
President and Chief Executive Officer

SUMMARY OF VATTENFALL'S FINANCIAL PERFORMANCE AND CASH FLOW

Amounts in SEK millions	January-Sept 2004	January-Sept 2003	Change %	Oct 03-Sept 04
Net sales	80,961	81,682	-0.9	111,214
Operating profit before depreciation and dissolution of negative goodwill (EBITDA)	22,986	18,896	21.6	28,968
Operating profit (EBIT)	14,172	11,043	28.3	18,425
Operating profit excl. items affecting comparability	13,662	11,131	22.7	17,564
Financial items, net	-1,537	-2,141	-28.2	-2,332
Profit before tax and minority interest	12,635	8,902	41.9	16,093
Net profit	8,564	5,713	49.9	11,974
Net profit excluding items affecting comparability	8,210	5,774	42.2	11,380
Return on net assets excl. items affecting comparability %	-	-	-	14.2
Return on equity excl. items affecting comparability %	-	-	-	23.9
Funds from operations (FFO)	17,474	12,431	40.6	23,847
Cash flow before financing activities	11,583	10,720	8.1	10,704
Free cash flow	14,132	12,143	16.4	13,595

Vattenfall's financial performance varies considerably over the year. The greater part of the year's profit is normally generated during the first and fourth quarters when demand for electricity and heating peaks.

Amounts in SEK millions January-Sept 2004 January-Sept 2003 Change %

NET SALES, FINANCIAL PERFORMANCE AND CASH FLOW

Net sales	▼	80,961	81,682	-0.9
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Comments:

Lower electricity prices in the Nordic countries led to a decrease in net sales during the first quarter. During the second and third quarters, however, sales increased again as volumes rose due to higher availability in generation.

Cost of products sold	▼	58,892	62,889	-6.4
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Comments:

The cost of products sold decreased during the first nine months due to lower electricity prices and more advantageous hedging prices compared with 2003.

Operating profit	▲	14,172	11,043	28.3
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Operating profit excl. items affecting comparability	▲	13,662	11,131	22.7
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Comments:

The increase in operating profit was primarily attributable to electricity generation in the Nordic countries, although Germany and Poland reported stronger operating profits than for the equivalent period in 2003. This positive trend for electricity generation in the Nordic countries is partly due to more advantageous hedging prices and partly due to increased availability in generation. The operating profit includes items affecting comparability in the amount of SEK 510 million (-88) net. The majority of this amount is attributable to additional proceeds of SEK 448 million from the sale of our stake in Danish NESA in 2002. In addition, operating profit was negatively impacted in the amount of SEK 100 million in conjunction with the winding up of the Group's involvement in the peat producing company Härjedalens Mineral AB.

Cash flow from operating activities	▲	19,051	16,233	17.4
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Cash flow before financing activities	▲	11,583	10,720	8.1
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Free cash flow *	▲	14,132	12,143	16.4
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* Cash flow from operating activities minus maintenance investments.

Comments:

Cash flow for the first nine months of 2003 was affected negatively by tax payments in Germany totalling SEK 2 billion.

Financial items, net	▼	-1,537	-2,141	-28.2
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Comments:

Net interest items averaged approximately SEK 191 million (282) for the first nine months.

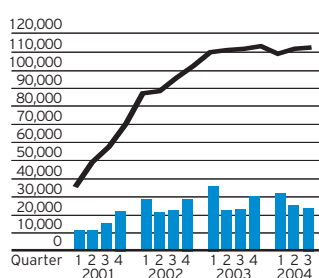
Interest expense during the first nine months amounted to SEK 2,461 million (3,360) and interest income totalled SEK 740 million (821). Net financial items improved by SEK 230 million as a result of a retroactive change in the interest rate on loans from minority owned German nuclear power companies. This was, however, offset by a corresponding reduction in operating profit in Germany.

Dissolution of negative goodwill	▼	1,514	2,646	-42.8
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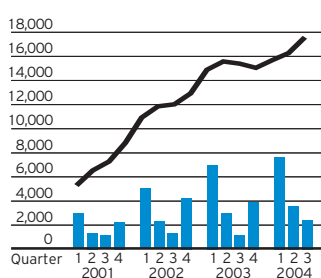
Comments:

In the first nine months, negative goodwill was dissolved in the amount of SEK 1,514 million (2,646), corresponding to restructuring costs in Germany.

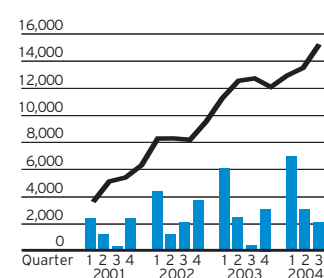
Net sales (SEK m)



Operating profit, excl. items affecting comparability (SEK m)



Profit before tax and minority interests, excl. items affecting comparability (SEK m)



■ Rolling 12-month figures ■ Quarterly figures

Amounts in SEK millions September 30, 2004 December 31, 2003 Change %

FINANCIAL POSITION

Liquid assets	▼	15,868	16,689	-4.9
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Comments:

In addition to liquid assets, as of September 30 the Group had available SEK 5,441 million (EUR 600 million) in committed credit facilities and SEK 6,289 million in other credit facilities.

Net debt	▼	57,850	66,890	-11.9
Average fixed-rate term (years) *	▲	1.9	1.8	5.6
Average maturity *	▲	6.7	4.6	45.7

* Excluding loans from associated companies and minority owners.

Comments:

Strong cash flow contributed to a reduction in net debt of SEK 9,040 million during the first nine months. In April, a 20-year Eurobond for EUR 500 million was issued, which resulted in the average maturity in the debt portfolio increasing to 6.7 years.

Equity	▲	58,398	47,689	22.4
Minority interest	▼	9,010	9,802	-8.1
Total	▲	67,408	57,491	17.2

Comments:

Changes in equity are specified on page 13.

Amounts in SEK millions January-Sept 2004 January-Sept 2003 Change %

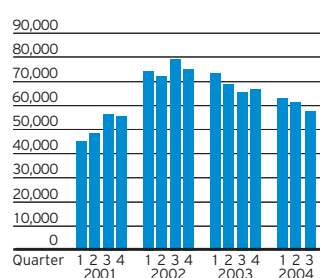
INVESTMENTS

Maintenance investments in installations	▲	4,919	4,090	20.3
Growth investments	▲	3,631	3,487	4.1
- of which shares	▼	2,217	2,388	-7.2
Total investments	▲	8,550	7,577	12.8

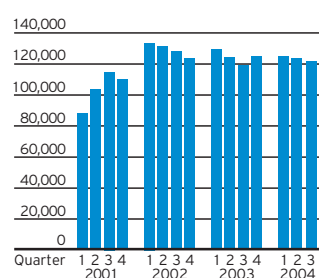
Comments:

Vattenfall's maintenance investments normally amount to between SEK 7 and 9 billion per annum. So far this year, investment levels have been in line with this and according to plan. Growth investment in shares comprised the increase in ownership in Polish GZE, at about SEK 1.6 billion, and the acquisition of two heating companies in Berlin, at almost SEK 0.5 billion.

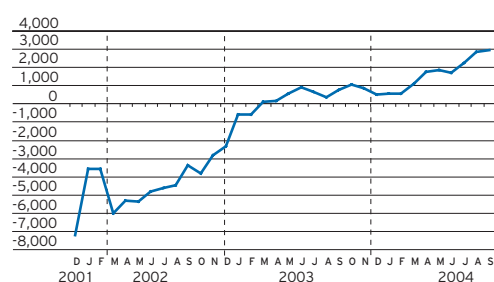
Net debt (SEK m)



Net assets (SEK m)



Value creation (SEK m)
(Difference between results achieved and the Group's required return)



PERSONNEL (Number of employees, expressed as full-time equivalents)

		September 30, 2004	September 30, 2003	Average value 2003
Germany	▼	20,987	21,917	21,719
Finland	▲	547	537	537
Poland	▼	3,242	4,792	4,935
Sweden	▲	8,228	8,011	7,994
Other countries	▲	112	108	111
Total	▼	33,116	35,365	35,296

Comments:

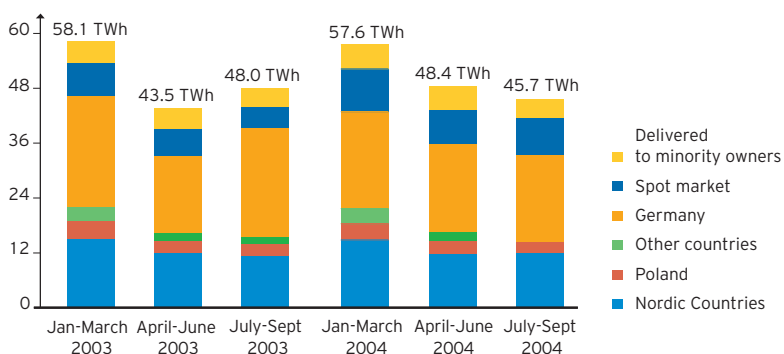
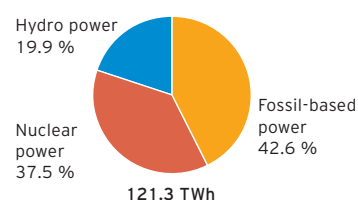
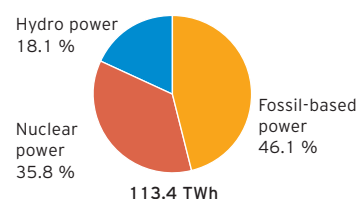
Part of the reduction in Poland can be explained by 761 full-time equivalents in divested businesses. Otherwise the reductions in personnel in Germany and Poland are part of ongoing rationalisation initiatives.

POWER AND HEAT SALES**Electricity balance, TWh**

	January-Sept 2004	January-Sept 2003		January-Sept 2004	January-Sept 2003
Sales			Internal generation and input		
Sweden	32.7	32.8	Hydro power	24.1	20.5
Finland	4.5	4.2	Nuclear power	45.5	40.6
Germany	60.3	64.9	Fossil-based and wind power	51.7	52.3
Poland	8.8	8.9	Total internal generation	121.3	113.4
Other countries	5.4	7.3	Purchased power	32.7	36.3
Spot market	25.1	18.1	Spot market	5.6	7.7
Total electricity sales	136.8	136.2	Total electricity input	159.6	157.4
Delivered to minority owners	14.2	12.9	Internal consumption	-7.9	-7.8
Other	0.7	0.5	Total	151.7	149.6
Total	151.7	149.6			

	January-Sept 2004	January-Sept 2003
Heat sales, TWh		
The Nordic Countries *	5.4	5.5
Germany	10.0	10.6
Poland	7.5	7.9
Total	22.9	24.0

* Including so-called "thermal heat" deliveries.

Electricity sales per quarter, TWh**Electricity generation January-September 2004****Electricity generation January-September 2003**

Amounts in SEK millions January-Sept 2004 January-Sept 2003 Change %

NORDIC COUNTRIES

Generation Nordic Countries

Net sales	▼	18,498	22,225	-16.8
Operating profit	▲	6,472	4,332	49.4
Electricity generation (TWh) *	▲	63.5	56.4	12.6
- of which hydro power	▲	21.7	18.9	14.8
nuclear power	▲	41.8	37.5	11.5

* Of electricity generation, Vattenfall has 51 TWh (45) at its disposal with the remainder going to minority owners.

Comments:

The lower average market prices for electricity contributed to reduced sales during the first nine months. During the third quarter, sales increased by about 7 per cent due to increased volumes. The increase in operating profit is primarily attributable to the third quarter and is explained by higher availability in hydro and nuclear power generation as well as more advantageous hedging prices. Investments in the renewal programme for hydro and nuclear power amounted to SEK 1,448 million for the first nine months.

Market Nordic Countries

Net sales	▼	14,969	18,984	-21.1
Operating profit	▼	315	519	-39.3
Heat production (TWh)	▲	1.4	1.3	7.7

Comments:

Sales and operating profit decreased as a result of lower electricity prices and non-recurring income within the Trading unit in 2003.

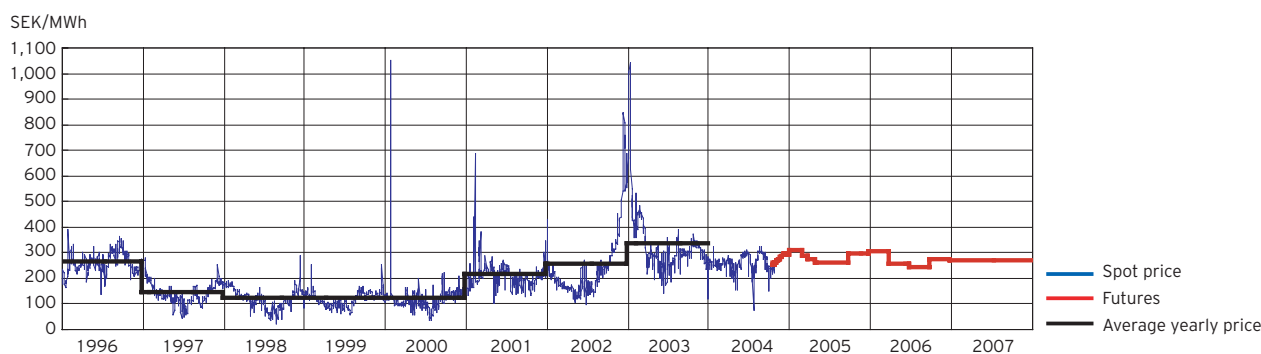
Heat Nordic Countries

Net sales	▲	2,022	2,008	0.7
Operating profit	▼	88	188	-53.2
Heat production (TWh)	▼	4.0	4.2	-4.8
Electricity generation (TWh)	▲	0.3	0.2	50.0

Comments:

Sales during the first nine months were essentially unchanged compared with the corresponding period in 2003. The operating profit was negatively impacted in the amount of SEK 100 million in conjunction with the winding up of the Group's involvement in the peat producing company Härjedalens Mineral AB.

Swedish electricity prices 1996-2007



Source: Nord Pool, October 21, 2004

Amounts in SEK millions		January-Sept 2004	January-Sept 2003	Change %
Electricity Networks Nordic Countries				
Net sales	▲	5,796	5,492	5.5
Operating profit	▲	1,572	1,375	14.3
Transmitted volume (TWh)	▲	80.8	77.7	4.0

Comments:

Sales and operating profit increased compared with the corresponding period the previous year. These improvements are due to lower administration costs, greater transmitted volumes and higher costs for network interruptions in 2003.

Services Nordic Countries

Net sales	▲	2,122	2,051	3.5
Operating profit	▲	116	28	314.3

Comments:

Most operations are run within the Group.

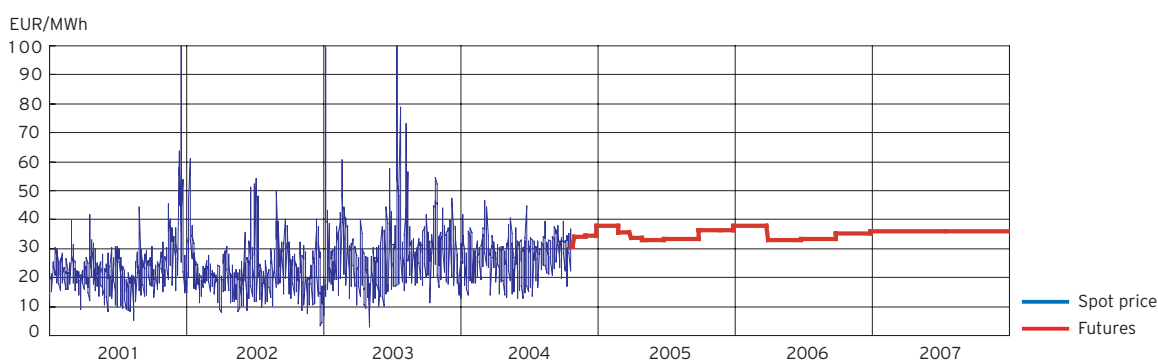
GERMANY

Net sales	▲	47,403	46,318	2.3
Operating profit	▲	5,151	4,632	11.2
Heat production (TWh)	▼	10.0	10.6	-5.7
Electricity generation (TWh)	▲	55.4	54.7	1.3
- of which fossil-based power	▼	49.3	49.8	-1.0
nuclear power	▲	3.7	3.2	15.6
hydro power	▲	2.4	1.7	41.2

Comments:

As a result of a retroactive reduction in the interest rate on loans from minority owned nuclear power companies, the cost for power purchased from these companies increased by SEK 230 million, which reduced operating profit. Compared with 2003, operating profit improved considerably for the business units Mining & Generation, Distribution and Heat. Transmission reports virtually no change in profits while the business unit Sales reports a significant loss. Within Mining & Generation, profit increased due to increased prices and lower costs. The profit improvement within Distribution is primarily due to lower operating and maintenance costs. Within the business unit Heat, higher fuel prices could be offset by lower operating costs. Transmission's result was negatively impacted by increased costs for the so-called balancing power due to increased transmission of wind power in the system. The loss within Sales reflects the increased costs for purchased electricity, due to the high market prices on EEX, which could not be offset by corresponding price increases towards customers. As of September 30, savings of EUR 420 million had been achieved in the ongoing cost-cutting programme within Vattenfall Europe. The aim of the programme is to achieve annual savings of EUR 400-500 million from 2005 onwards.

German electricity prices 2001-2007



Source: EEX, October 21, 2004

Amounts in SEK millions		January-Sept 2004	January-Sept 2003	Change %
POLAND				
Net sales	▼	5,298	5,753	-7.9
Operating profit	▲	438	290	51.0
Heat production (TWh)	▼	7.5	7.9	-5.1
Electricity generation (TWh) *	▼	2.0	2.2	-9.1

* 100% fossil-based power.

Comments:

Operating profit increased as a result of lower acquisition costs, lower network and bad debt losses, and capital gains (SEK 16 million) resulting from divestments. Warmer temperatures and the associated lower volumes contributed to reduced sales.

THE PARENT COMPANY

Net sales amounted to SEK 19,018 million (SEK 17,102). Profit after financial items was SEK 6,814 million (SEK 3,299). Investments for the period amounted to SEK 2,669 million (3,340). Liquid assets amounted to SEK 87 million (2003-12-31: 33). Funds in the Group account managed by Vattenfall Treasury AB amounted to SEK 22,164 million (2003-12-31: 13,102).

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR20) concerning interim reports.

In the preparation of this report, Vattenfall has applied the Accounting Principles specified in the Group's note 2 in Vattenfall's annual report for the year 2003 with the exception that, as mentioned in said note, as of 2004, Vattenfall applies the Swedish Financial Accounting Standards Council's recommendation (RR29) concerning employee benefits.

Through the application of RR29, the benefit-based pension plans of all Group companies are reported according to the same principles. In accordance with the recommendation's transition regulations, an opening provision has been calculated for January 1, 2004. The total effect of the transition is SEK 1,265 million and this has been reported as an increase in pension provisions. The altered principle entails a reduction in non-restricted equity of SEK 670 million after taking into account deferred tax and minority interests.

In accordance with the recommendation's transition regulations, Vattenfall has not recalculated previous financial years using the principles of the new recommendation.

The detailed review of provisions in Germany communicated in Vattenfall's annual report for 2003 (see the Group's note 24) is now completed. On the whole, the review has not entailed any significant effect on net profit.

Stockholm, October 27, 2004

Lars G Josefsson
President and Chief Executive Officer

INCOME STATEMENT

Amounts in SEK millions	January-September		July-September		Full year	12 month
	2004	2003	2004	2003	2003	Oct 03-Sept 04
Net sales	80,961	81,682	23,890	23,184	111,935	111,214
Cost of products sold *	-58,892	-62,889	-18,468	-19,108	-84,792	-80,795
Gross profit	22,069	18,793	5,422	4,076	27,143	30,419
Selling expenses, research & development costs and administrative expenses **	-8,485	-8,395	-2,702	-3,002	-12,501	-12,591
Other operating income and expenses, net	717	118	312	-28	74	673
Participations in the result of associated companies	-129	527	-453	149	580	-76
Operating profit (EBIT) ***	14,172	11,043	2,579	1,195	15,296	18,425
Financial income	1,231	1,854	401	949	2,267	1,644
Financial expenses	-2,768	-3,995	-735	-1,708	-5,203	-3,976
Profit before tax and minority interest ****	12,635	8,902	2,245	436	12,360	16,093
Tax	-3,652	-2,787	-660	-595	-2,831	-3,696
Minority interest	-419	-402	108	196	-406	-423
Net profit for the period *****	8,564	5,713	1,693	37	9,123	11,974
Operating profit before depreciation and dissolution of negative goodwill (EBITDA)	22,986	18,896	5,229	3,803	24,878	28,968
Financial items - net	-1,537	-2,141	-334	-759	-2,936	-2,332
* Of which depreciation, SEK millions	10,119	10,274	3,321	3,397	14,096	13,941
* Of which dissolution of negative goodwill, SEK millions	1,514	2,646	684	859	4,754	3,622
** Of which depreciation, SEK millions	209	225	12	70	240	224
*** Including items affecting comparability, SEK millions	510	-88	125	52	263	861
**** Including items affecting comparability, SEK millions	507	-82	126	52	278	867
***** Including items affecting comparability adjusted for tax, SEK millions	354	-61	85	32	179	594

EARNINGS PER SHARE

	January-September	Full year
	2004	2003
Number of shares (thousands)	131,700	131,700
Earnings per share, SEK	65.03	43.38
		69.27

PRIMARY SEGMENTS

Amount in SEK millions	Net sales				Operating profit (EBIT)					Operating profit (EBIT) excl. items affecting comparability					
	January-Sept 2004	January-Sept 2003	July-Sept 2004	July-Sept 2003	Full year 2003	January-Sept 2004	January-Sept 2003	July-Sept 2004	July-Sept 2003	Full year 2003	January-Sept 2004	January-Sept 2003	July-Sept 2004	July-Sept 2003	Full year 2003
NORDIC COUNTRIES															
Electricity Generation															
Nordic Countries	18,498	22,225	5,748	5,371	29,531	6,472	4,332	1,736	613	6,266	6,471	4,400	1,736	613	6,319
Market															
Nordic Countries	14,969	18,984	4,537	5,829	24,994	315	519	88	245	369	311	522	84	248	372
Heat															
Nordic Countries	2,022	2,008	384	352	2,868	88	188	-96	-105	348	153	186	-133	-106	345
Electricity Networks															
Nordic Countries	5,796	5,492	1,470	1,384	7,809	1,572	1,375	218	112	2,131	1,565	1,369	215	113	2,127
Services															
Nordic Countries	2,122	2,051	679	676	3,042	116	28	14	22	100	115	27	14	22	98
Other business	1,205	1,222	417	397	1,855	20	-321	-140	-45	-690	-408	-285	-116	-44	-841
Eliminations *	-15,189	-20,770	-4,625	-5,856	-27,585	-	-	-	-	11	-	-	-	-	11
Total Nordic Countries	29,423	31,212	8,610	8,153	42,514	8,583	6,121	1,820	842	8,535	8,207	6,219	1,800	846	8,431
GERMANY	47,403	46,318	14,119	14,072	63,974	5,151	4,632	694	387	6,318	5,033	4,622	601	331	6,160
POLAND	5,298	5,753	1,519	1,516	7,845	438	290	65	-34	443	422	290	53	-34	442
Eliminations **	-1,163	-1,601	-358	-557	-2,398	-	-	-	-	-	-	-	-	-	-
Total	80,961	81,682	23,890	23,184	111,935	14,172	11,043	2,579	1,195	15,296	13,662	11,131	2,454	1,143	15,033

* Concerns trade between Market Nordic Countries, Electricity Networks Nordic Countries and Generation Nordic Countries.

** Concerns trade between Germany and Nordic Countries.

SECONDARY SEGMENTS

Amount in SEK millions	Net sales			
	January-Sept 2004	January-Sept 2003	July-Sept 2004	July-Sept 2003
Electricity	53,721	56,459	16,339	18,778
Electricity networks	31,826	28,761	9,375	8,123
Heat	12,622	11,328	3,056	2,548
Other	4,320	5,424	1,602	1,803
Eliminations	-21,528	-20,290	-6,482	-8,068
Total	80,961	81,682	23,890	23,184

Primary segments are Nordic Countries, Germany and Poland. Nordic Countries is split into Electricity Generation Nordic Countries, Market Nordic Countries, Heat, Electricity Networks, Services and Other. Secondary segments are Electricity, Electricity Networks, Heat and Other.

BALANCE SHEET

Amounts in SEK millions	September 30, 2004	September 30, 2003	December 31, 2003
Assets			
Fixed assets			
Intangible fixed assets	5,772	5,595	5,558
Tangible fixed assets	179,783	179,867	181,940
Financial fixed assets	27,672	24,246	28,705
Total fixed assets	213,227	209,708	216,203
Current assets			
Inventories	7,613	7,565	7,283
Current receivables	25,284	29,876	26,832
Liquid assets *	15,868	16,689	14,647
Total current assets	48,765	54,130	48,762
Total assets	261,992	263,838	264,965
Equity, provisions and liabilities			
Equity	58,398	47,689	52,506
Minority interest	9,010	9,802	9,379
Provisions **	89,251	90,275	91,884
Long-term interest-bearing liabilities	66,834	72,796	69,845
Other long-term liabilities	2,012	2,751	2,236
Current interest-bearing liabilities *	10,869	13,441	15,702
Other current liabilities	25,618	27,084	23,413
Total equity, provisions and liabilities	261,992	263,838	264,965
Pledged assets	78	551	112
Contingent liabilities	12,082	12,894	12,357
* Of which interest arbitrage transactions, SEK millions	990	993	993
** Of which interest-bearing provisions, SEK millions	-	201	84

Net assets

Amounts in SEK millions	September 30, 2004	September 30, 2003	December 31, 2003
Nordic Countries	56,793	55,075	56,367
Germany	57,277	58,054	62,171
Poland	7,319	6,022	6,270
Total net assets on balance sheet date	121,389	119,151	124,808
Net assets, weighted average value	123,375	125,164	124,229

Net debt

Amounts in SEK millions	September 30, 2004	September 30, 2003	December 31, 2003
Interest-bearing liabilities *	-77,703	-86,438	-85,631
Liquid assets	15,868	16,689	14,647
Loans to minority owners in foreign subsidiaries	3,985	4,111	4,094
Total net debt	-57,850	-65,638	-66,890
* Of which loans from minority owned German nuclear power companies.	15,177	14,008	14,979

Provisions

Amounts in SEK millions	September 30, 2004	September 30, 2003	December 31, 2003
Pension provisions	16,533	14,770	14,946
Provisions for deferred tax liability	34,773	34,029	34,854
Provisions for future expenses of nuclear waste management	6,698	6,515	6,592
Provisions for future expenses of mining operations and other environmental measures/undertakings	8,512	10,118	10,219
Personnel-related provisions for non-pension purposes	6,069	5,359	6,498
Provisions for tax and legal disputes	5,688	5,543	6,752
Negative goodwill	8,499	12,475	10,123
Other provisions	2,479	1,466	1,900
Total provisions	89,251	90,275	91,884

CASH FLOW STATEMENT

Amounts in SEK millions	January-September		July-September		Full year	12 months
	2004	2003	2004	2003	2003	Oct 03-Sept 04
CASH FLOW STATEMENT						
IN ACCORDANCE WITH THE SWEDISH FINANCIAL ACCOUNTING STANDARDS COUNCIL'S RECOMMENDATION NO. 7						
Operating activities						
Funds from operations (FFO)	17,474	12,431	2,784	648	18,804	23,847
Cash flow from changes in working capital	1,577	3,802	3,070	4,673	-613	-2,838
Cash flow from operating activities	19,051	16,233	5,854	5,321	18,191	21,009
Investment activities						
Investments	-8,550	-7,577	-2,700	-3,317	-11,356	-12,329
Divestments	1,098	1,200	474	381	2,057	1,955
Liquid assets in acquired/sold companies	-16	864	-	122	949	69
Cash flow from investment activities	-7,468	-5,513	-2,226	-2,814	-8,350	-10,305
Cash flow before financing activities	11,583	10,720	3,628	2,507	9,841	10,704
Financing activities						
New borrowings	7,754	5,947	1,802	500	6,610	8,417
Amortisation of debt	-15,571	-13,168	-6,061	-4,937	-15,002	-17,405
Dividend paid	-2,606	-1,750	-	-52	-1,937	-2,793
Cash flow from financing activities	-10,423	-8,971	-4,259	-4,489	-10,329	-11,781
Cash flow for the period	1,160	1,749	-631	-1,982	-488	-1,077
Liquid assets						
Liquid assets at the beginning of the period	14,647	15,473	16,558	19,119	15,473	16,689
Exchange rate differences	61	-533	-59	-448	-338	256
Cash flow for the period	1,160	1,749	-631	-1,982	-488	-1,077
Liquid assets at the end of the period	15,868	16,689	15,868	16,689	14,647	15,868
OPERATING CASH FLOW STATEMENT						
Cash flow before financing activities	11,583	10,720	3,628	2,507	9,841	10,704
Financing activities						
Acquired/sold interest-bearing debt, net	-	-	-	-	-45	-45
Dividend paid	-2,606	-1,750	-	-52	-1,937	-2,793
Cash flow after dividend	8,977	8,970	3,628	2,455	7,859	7,866
Net debt						
Net debt at the beginning of the period	-66,890	-75,207	-61,512	-68,704	-75,207	-65,638
Effect of altered definition	84	-	-	-	-	84
Cash flow after dividend	8,977	8,970	3,628	2,455	7,859	7,866
Exchange rate differences on net debt	-21	599	34	611	458	-162
Net debt at the end of the period	-57,850	-65,638	-57,850	-65,638	-66,890	-57,850

CHANGE IN EQUITY

Amounts in SEK millions	January-Sept 2004	January-Sept 2003	Full year 2003
Opening balance	52,506	45,129	45,129
Transition effect on application of new accounting principles concerning pension commitments *	-670	-	-
Dividend	-2,400	-1,485	-1,675
Translation differences	228	-1,960	-1,213
Hedging	170	292	69
Transfers between equity and minority interest	-	-	1,073
Profit for the period	8,564	5,713	9,123
Closing balance	58,398	47,689	52,506

* As of 2004, Vattenfall applies the Swedish Financial Accounting Standards Council's recommendation (RR29) concerning employee benefits.

KEY RATIOS (Definitions on page 15)

(in per cent unless otherwise stated)

	January-Sept		July-Sept		Full year 2003	12 months Oct 03-Sept 04
	2004	2003	2004	2003		
Operating margin	17.5	13.5	10.8	5.2	13.7	16.6
Operating margin excl. items affecting comparability	16.9	13.6	10.3	4.9	13.4	15.8
Pre-tax profit margin	15.6	10.9	9.4	1.9	11.0	14.5
Pre-tax profit margin excl. items affecting comparability	15.0	11.0	8.9	1.7	10.8	13.7
Return on equity	-	-	-	-	20.2	25.1
Return on equity excl. items affecting comparability	-	-	-	-	19.8	23.9
Return on net assets	-	-	-	-	12.3	14.9
Return on net assets excl. items affecting comparability	-	-	-	-	12.1	14.2
Interest coverage ratio (times)	5.6	3.2	4.1	1.3	3.4	5.0
Interest coverage ratio excl. items affecting comparability (times)	5.4	3.3	3.9	1.2	3.3	4.8
FFO interest coverage ratio (times)	7.3	4.1	4.8	1.4	4.6	7.0
FFO interest coverage ratio, net (times)	12.4	6.8	9.3	1.9	7.4	11.2
Equity/assets ratio	25.8	21.9	25.8	21.9	23.4	25.8
Net debt/equity ratio (times)	0.86	1.14	0.86	1.14	1.08	0.86
Net debt/equity plus net debt	46.2	53.3	46.2	53.3	51.9	46.2
Funds from operations (FFO)/interest-bearing debt	-	-	-	-	22.0	30.7
Funds from operations (FFO)/net debt	-	-	-	-	28.1	41.2
EBITDA/net financial items (times)	15.0	8.8	15.7	5.0	8.5	12.4
EBITDA/net financial items excl. affecting comparability (times)	14.7	8.8	15.2	4.9	8.3	12.0
Interest-bearing debt/interest-bearing debt plus equity	53.5	60.1	53.5	60.1	58.0	53.5

QUARTERLY INFORMATION

Amounts in SEK millions	Quarter 3 2004	Quarter 2 2004	Quarter 1 2004	Quarter 4 2003	Quarter 3 2003	Quarter 2 2003	Quarter 1 2003
Income statement							
Net sales	23,890	25,261	31,810	30,253	23,184	22,479	36,019
Cost of products sold	-18,468	-18,771	-21,653	-21,903	-19,108	-17,071	-26,710
Other expenses and revenue, net	-2,390	-2,677	-2,701	-4,150	-3,030	-2,773	-2,474
Participations in the result of associated companies	-453	116	208	53	149	158	220
Operating profit before depreciation (EBITDA)	5,229	6,990	10,767	5,982	3,803	4,776	10,317
Operating profit (EBIT)	2,579	3,929	7,664	4,253	1,195	2,793	7,055
Financial terms, net	-334	-513	-690	-795	-759	-490	-892
Profit before tax and minority interest	2,245	3,416	6,974	3,458	436	2,303	6,163
Net profit	1,693	2,106	4,765	3,410	37	1,514	4,162
Balance sheet							
Fixed assets	213,227	214,904	218,451	216,203	209,708	216,170	221,798
Current assets	32,897	34,918	37,863	34,115	37,441	39,838	47,682
Liquid assets	15,868	16,558	13,028	14,647	16,689	19,119	12,818
Total assets	261,992	266,380	269,342	264,965	263,838	275,127	282,298
Equity	58,398	56,724	57,352	52,506	47,689	48,654	49,185
Minority interest	9,010	8,893	8,891	9,379	9,802	11,962	13,261
Provisions	89,251	91,204	93,273	91,884	90,275	93,953	96,434
Interest-bearing liabilities	77,703	82,141	80,124	85,547	86,237	91,761	90,143
Other liabilities	27,630	27,418	29,702	25,649	29,835	28,797	33,275
Total equity, provisions and liabilities	261,992	266,380	269,342	264,965	263,838	275,127	282,298
Net assets	121,389	123,254	125,169	124,808	119,151	124,191	129,502
Net debt	-57,850	-61,512	-62,916	-66,890	-65,638	-68,704	-73,473
Cash flow							
Funds from operations (FFO)	2,784	5,700	8,990	6,373	648	4,086	7,697
Cash flow from changes in working capital	3,070	-163	-1,330	-4,415	4,673	3,235	-4,106 *
Cash flow from operating activities	5,854	5,537	7,660	1,958	5,321	7,321	3,591 *
Cash flow from investment activities	-2,226	-2,162	-3,080	-2,837	-2,814	-1,866	-833
Cash flow before financing activities	3,628	3,375	4,580	-879	2,507	5,455	2,758 *
Borrowing/amortisation of debt, net	-4,259	2,781	-6,339	-1,171	-4,437	2,555	-5,339 *
Dividend paid	-	-2,590	-16	-187	-52	-1,597	-101
Cash flow from financing activities	-4,259	191	-6,355	-1,358	-4,489	958	-5,440 *
Cash flow for the period	-631	3,566	-1,775	-2,237	-1,982	6,413	-2,682

* A reclassification has been made compared with the interim report for the first quarter of 2003.

KEY RATIOS (Definitions on page 15)

(in per cent unless otherwise stated)

Amounts in SEK millions	Quarter 3 2004	Quarter 2 2004	Quarter 1 2004	Quarter 4 2003	Quarter 3 2003	Quarter 2 2003	Quarter 1 2003
Return on net assets (1)	14.9	13.8	12.8	12.3	12.2	12.1	11.9
Return on net assets (1) (2)	14.2	13.2	12.6	12.1	12.3	12.2	11.6
Return on equity (1)	25.1	21.2	19.8	20.2	22.4	23.0	23.1
Return on equity (1) (2)	23.9	20.1	19.4	19.8	22.5	23.2	22.3
FFO/interest-bearing debt (1)	30.7	26.4	25.1	22.0	22.1	22.7	21.1
FFO/net debt (1)	41.2	35.3	31.9	28.1	29.1	30.4	26.0
Interest coverage ratio (times)	4.1	4.6	7.4	3.9	1.3	3.2	5.9
Interest coverage ratio (times) (2)	3.9	4.2	7.4	3.6	1.2	3.4	5.9
FFO interest coverage ratio (times)	4.8	7.0	9.3	6.3	1.4	5.0	7.1
Equity/assets ratio	25.8	24.7	24.7	23.4	21.9	22.1	22.2
Net debt/net debt plus equity	46.2	48.4	48.7	51.9	53.3	53.1	54.1
Net debt/equity (times)	0.86	0.94	0.95	1.08	1.14	1.13	1.18

(1) = rolling 12-month figures

(2) = excluding items affecting comparability

DEFINITIONS

Items affecting comparability: Capital gains and capital losses in shares and other fixed assets.

Operating margin (per cent): Operating profit in relation to net sales.

Pre-tax profit margin (per cent): Profit before tax and minority interests in relation to net sales.

Return on equity (per cent): Net profit for the period in relation to equity at the beginning of the period.

Return on net assets (per cent): Operating profit in relation to a weighted average of the balance sheet totals for the period, minus non-interest-bearing liabilities, provisions, interest-bearing receivables and liquid assets.

Interest coverage ratio (times): EBIT plus financial income in relation to financial expenses.

FFO interest coverage ratio (times): FFO plus financial expenses in relation to financial expenses.

FFO net interest coverage ratio (times): FFO plus financial items in relation to net financial items.

Equity/assets ratio (per cent): Equity plus minority interest in relation to the balance sheet total at the end of the period, minus interest arbitrage transactions.

Net debt/equity (times): Interest-bearing debt minus loans to minority owners in foreign subsidiaries and liquid assets in relation to equity plus minority interests.

Net debt/net debt plus equity (per cent): Interest-bearing debt minus loans to minority owners in foreign subsidiaries and liquid assets in relation to interest-bearing debt, minus loans to minority owners in foreign subsidiaries and liquid assets plus equity, including minority interests.

FFO/interest-bearing debt (per cent): FFO in relation to interest-bearing debt.

FFO/net debt (per cent): FFO in relation to interest-bearing debt minus loans to minority owners in foreign subsidiaries and liquid assets.

EBITDA/net financial items (times): EBITDA in relation to financial items.

Interest-bearing debt/interest-bearing debt plus equity (per cent): Interest-bearing debt in relation to interest-bearing debt plus equity, including minority interests.

Free cash flow: Cash flow from operating activities minus maintenance investment in installations.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation.

EBIT: Earnings Before Interest and Tax.

FFO: Funds From Operations.

This report has been translated from the Swedish original.

Vattenfall's 2004 full-year results will be published on 18th February 2005

