

THREE-MONTH INTERIM REPORT 2005 JANUARY–MARCH

- Net sales increased by 10.1 per cent to SEK 35,036 million (31,810)
- Operating profit excl items affecting comparability increased by 15.8 per cent to SEK 9,196 million (7,941)
- Net income after tax increased by 16.6 per cent to SEK 5,705 million (4,893)

Water reservoir in Goldisthal, Thuringia, Vattenfall's and Germany's largest pumped storage plant.

Strong financial performance in all Vattenfall segments

Vattenfall presents yet another strong result for the first three months of the year. Compared with the equivalent period in 2004, operating profit increased by 20.7 per cent to SEK 9,219 million (7,641), and excluding items affecting comparability by 15.8 per cent to SEK 9,196 million (7,941). The increase is almost completely attributable to Germany, which has shown marked improvement. Poland also reports improved operating profit, an improvement, however, that is mostly due to exchange rate effects. Operating profit for the Nordic Countries remained unaltered on a satisfactory level. Net sales increased by about 10 per cent to SEK 35,036 million (31,810), primarily attributable to Germany. Total electricity generation increased marginally to 46.2 TWh compared with 45.8 TWh for the first quarter of 2004. Hydro power generation increased by 18 per cent to 11.1 TWh (9.4 TWh). Nuclear power and fossil-based power dropped somewhat.

Return on equity was 15.7 per cent on a rolling twelve-month basis while return on net assets was 14.8 per cent, in both cases excluding items affecting comparability. As a result of the new International Financial Reporting Standard (IFRS) adopted by Vattenfall as of this year, Vattenfall's equity increased considerably, leading to a lower return on equity. The net impact on operating profit for the first quarter due to IFRS was marginal. However, for the full year 2004, the transition to IFRS resulted in a decrease in operating profit by 2.5 billion SEK to 17.1 billion SEK (19.6). This is primarily due to the fact that the item dissolution of negative goodwill does not exist according to IFRS. Thus, the German restructuring costs, being an item affecting comparability, are negatively affecting operating profit. The interest coverage ratio, excluding items affecting comparability, amounted to 6.0 times compared to 5.2 in 2004 according to IFRS.

The company's financial position continued to improve. Continued strong cash flow and low

growth investments has enabled further reductions in borrowings. Compared with 31 December 2004, net debt dropped by more than SEK 4 billion to SEK 51.4 billion. On 31 March last year, net debt totalled SEK 62.9 billion.

Extensive storm damage

At the beginning of January, the southern parts of Sweden were hit by a widespread storm with hurricane-force winds. The aftermath of the storm included extensive damage to forests, infrastructure and electricity networks. The storm is estimated to cost Vattenfall almost half a billion Swedish krona in emergency disruption measures, repairs and disruption guarantees. As a result of ongoing and very comprehensive investments in improved reliability in the electricity networks, damages and inconvenience for our customers could – in spite of the storm – be limited. We continue with our unflagging efforts and investments to improve security of supply.

Long-term electricity deals and heat agreements

During the quarter Vattenfall signed a number of long-term agreements on electricity supply and energy optimisation with major Swedish industrial companies, among them Holmen and Saab. The agreement with Holmen equates to almost half of Holmen's electrical power purchasing needs over a ten-year period. A number of major agreements with important heat customers have also been signed within heat operations in Sweden. In Germany, several new agreements with important customers have been signed as well.

Major investment in Denmark

In line with our strategy, continued profitable growth within our core business, electricity and heat, Vattenfall, on 17 January made an offer to buy shares in the Danish electricity company Elsam. The offer was accepted by 35.3 per cent of Elsam's shareholders and the acquisition price amounts to about DKK 8.5 billion (approx. SEK

10.2 billion). As a result, Vattenfall gains a good position in the Danish energy market, which is currently undergoing major changes. Parallel to this, the Danish oil- and gas company Dong has made agreements to buy almost the entire remaining Danish power industry. On 14 April Vattenfall and Dong signed a letter of intent concerning the future ownership of Elsam. The intention is that Vattenfall will not remain a shareholder in Elsam but instead acquire certain power assets. At the annual general meeting of Elsam shareholders on 15 April, Vattenfall won three seats on Elsam's board.

Investments in common brand

In Germany preparations are underway to introduce the Vattenfall brand to the mass market as well. On 1 January 2006 Vattenfall's subsidiaries Bewag and HEW will begin operating under the name Vattenfall. This is a natural step in the development of Vattenfall in Germany, as a part of a European group, and in the establishment of One Vattenfall. Brand efforts are also well underway in Poland since the name Vattenfall was introduced in a campaign that received much media attention and praise during the last quarter of 2004.

New energy law in Germany

Discussions on the new energy law (EnWG) have been underway in Germany since February 2004. On 10 March this year the parties reached a compromise and the new law is expected to be implemented in late summer and the conditions concerning the tasks and responsibilities of the new regulatory body will be established. After a one-year transitional period a new incentive-based model will be introduced. As the details have not yet been finalised, we cannot comment on the possible financial consequences for Vattenfall.

Global climate change the major environmental problem of our time

The new system for trading in the greenhouse gas carbon dioxide, based on the Kyoto protocol,



has now officially come into force. The system aims to reduce carbon dioxide emissions under market conditions. Vattenfall has essentially obtained all necessary emission rights in all its markets for the initial trading period 2005-2007. Global climate change due to the emission of carbon dioxide and other greenhouse gases is the major environmental problem of our time. In conjunction with a meeting of the Alliance for Global Sustainability (AGS) at the Massachusetts Institute of Technology (MIT) in Boston, USA, I also visited the US Secretary of Energy and other industry representatives and

researchers. Among other subjects, we discussed a global system for emission rights. Our initiative received positive interest, which provides hope for constructive future developments.

Open annual general meeting

Vattenfall's core values are openness, effectiveness and accountability. In accordance with these values, today, 26 April, we are arranging Vattenfall's first open annual general meeting, an event that has previously only been open to members of the Swedish parliament. This year, for the first time, we are inviting the entire Swedish public,

who after the formal procedures of the annual general meeting will be offered the opportunity to pose questions directly to me and the Chairman of the Board. In this way we hope to increase trust in Vattenfall as an open and responsible company.

Lars G Josefsson
President and Chief Executive Officer

SUMMARY OF VATTENFALL'S FINANCIAL PERFORMANCE, CASH FLOW AND BALANCE SHEET (IFRS) ¹

Amounts in SEK millions	January-March 2005	January-March 2004	Change %	April 2004-March 2005
Net sales	35,036	31,810	10.1	116,592
Operating profit before depreciation (EBITDA)	12,646	11,178	13.1	33,854
Operating profit (EBIT)	9,219	7,641	20.7	18,690
Operating profit excl items affecting comparability	9,196	7,941	15.8	20,582
Financial items, net	-402	-863	-53.4	-1,353
Profit before income tax	8,817	6,778	30.1	17,337
Profit for the period attributable to minority interests	426	368	15.8	864
Profit for the period attributable to equity holders of the parent	5,279	4,525	16.7	10,043
Profit for the period attributable to equity holders of the parent excl items affecting comparability	5,264	4,706	11.9	11,151
Return on equity excl items affecting comparability	-	-	-	15.7
Return on net assets excl items affecting comparability	-	-	-	14.8
Funds from operations (FFO)	8,771	9,009	-2.6	24,064
Cash flow before financing activities	5,764	4,580	25.9	14,656
Free cash flow	5,984	6,505	-8.0	15,163
Cash and cash equivalents plus short-term investments	15,950	13,028	22.4	15,950
Balance sheet total	303,724	297,206	2.2	303,724
Equity incl minority interests	87,170	80,712	8.0	87,170
Interest-bearing liabilities	71,389	80,124	-10.9	71,389
Net debt	51,395	62,916	-18.3	51,395

¹ As of 2005, the Vattenfall Group applies international accounting standards, International Financial Reporting Standards (IFRS), as approved by the EU.

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.

See page 19 for definitions.

Amounts in SEK millions (all figures according to IFRS) January-March 2005 January-March 2004 Change %

NET SALES, FINANCIAL PERFORMANCE AND CASH FLOW

Net sales	▲	35,036	31,810	10.1
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Comments:

Sales increased primarily as a result of higher market prices in Germany.

Cost of sold products	▲	24,915	21,537	15.7
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Comments:

The higher costs are primarily due to increased market prices for electricity purchased in Germany and costs attributable to the German EEG-law.

Operating profit	▲	9,219	7,641	20.7
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Operating profit excl items affecting comparability	▲	9,196	7,941	15.8
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Comments:

The substantial improvement in financial performance is primarily attributable to Germany and is explained by higher electricity market prices in Germany and the successful cost-reduction programme.

Amounts in SEK millions (all figures according to IFRS) January-March 2005 January-March 2004 Change %

Cash flow from operating activities	▼	7,475	7,666	-2.5
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Free cash flow ¹	▲	5,984	6,505	-8.0
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Cash flow before financing activities	▲	5,764	4,580	25.9
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¹ Cash flow from operating activities minus maintenance investments.

Comments:

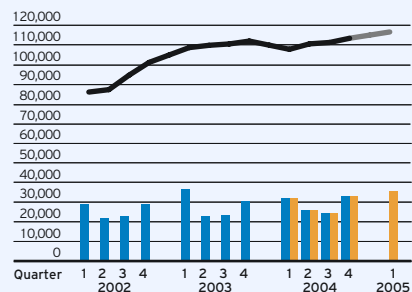
The decrease in cashflow from operating activities is related to SEK 1.3 billion higher tax payments compared to the first quarter 2004.

Financial items, net	▲	-402	-863	-53.4
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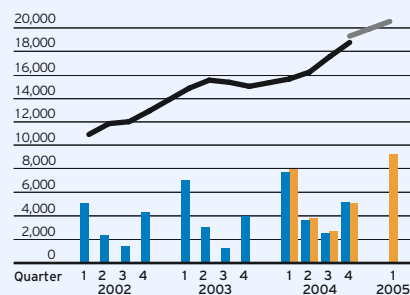
Comments:

Net interest items for the first quarter amounted to an average of SEK -145 million a month (-242). The total improvement of SEK 292 million is due to lower net indebtedness and lower interest-rate levels compared with the equivalent period last year. Interest income totalled SEK 177 million (234) and interest expense totalled SEK 611 million (960). Net financial items improved by SEK 461 million.

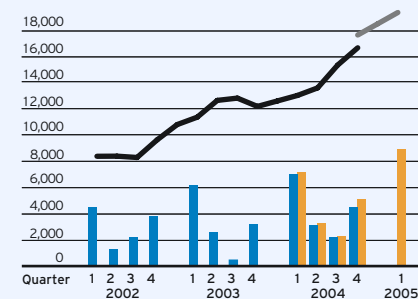
Net sales (SEK m)



Operating profit, excl items affecting comparability (SEK m)



Profit before income tax, excl items affecting comparability (SEK m)



■ Rolling 12-month values (Sw GAAP) ■ Rolling 12-month values (IFRS) ■ Quarterly values (Sw GAAP) ■ Quarterly values (IFRS)

Amounts in SEK millions (all figures according to IFRS) 31 March 2005 31 December 2004 Change %

FINANCIAL POSITION

Cash and bank balances, similar assets and current investments	▲	15,950	13,616	17.1
Committed credit facilities (unused)	▲	5,636	5,606	0.5
Uncommitted credit facilities (unused)	▲	9,777	8,192	19.3

Comments:

Committed credit facilities comprise a five-year revolving credit facility (RCF) of EUR 600 million and a bank overdraft facility of SEK 200 million. The RCF agreement falls due on 8 December 2009.

Net debt	▼	51,395	55,411	-7.2
Average duration (years) ¹	▼	1.9	2.0	-
Average maturity ¹	▲	7.0	6.7	-

¹ Excl loans from associated companies and minority owners.

Comments:

Net debt was reduced by SEK 4 billion to SEK 51.4 billion compared with year-end. Compared with the first quarter of 2004, net debt was reduced by SEK 11.5 billion. Since year-end, total interest-bearing debt has been reduced by SEK 1.6 billion to SEK 71.4 billion.

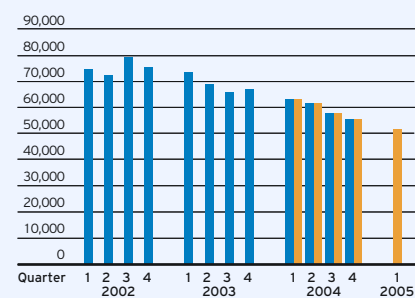
Compared with the first quarter of 2004, the reduction was SEK 8.7 billion. The average remaining maturity in borrowings increased to 7 years. There has been no change in Vattenfall's credit rating. The current rating is A-/A-2 from Standard & Poor's and A3/P-2 from Moody's, both with a "Stable Outlook".

Equity attributable to

Equity holders of the parent	▲	76,445	73,339	4.2
Minority interests	▲	10,725	10,260	4.5
Total	▲	87,170	83,599	4.3

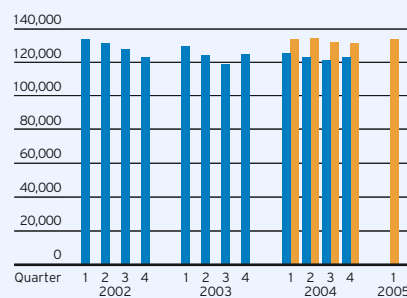
Changes in equity are specified on page 15.

Net debt (SEK m)



■ Quarterly values (Sw GAAP) ■ Quarterly values (IFRS)

Net assets (SEK m)



Value creation (SEK millions)

(Difference between results achieved and the Group's required return)



Amounts in SEK millions (all figures according to IFRS) January-March 2005 January-March 2004 Change %

INVESTMENTS

Maintenance investments	▲	1,491	1,161	28.4
Growth investments	▼	330	2,102	-84.3
– of which shares	▼	1	1,731	-
Total investments	▼	1,821	3,263	-44.2

Comments:

Lower growth investments are explained by ownership in Polish GZE being increased from 54 per cent to 75 per cent during the first quarter of last year.

31 March 2005 31 March 2004 Average 2004

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

Nordic Countries	▲	8,808	8,635	8,744
Germany	▼	20,177	21,016	20,864
Poland	▼	3,085	3,472	3,309
Other countries	▼	100	105	100
Total	▼	32,170	33,228	33,017

Comments:

The reductions in Poland and Germany are the result of ongoing rationalisation initiatives.

	January-March 2005	January-March 2004
ELECTRICITY BALANCE (TWH)		
Sales		
Nordic Countries	16.8	15.4
Germany	22.4	21.2
Poland	4.0	3.6
Other countries	1.8	2.7
Spot market	10.4	9.3
Total	55.4	52.2
Delivery to minority owners	5.2	5.3
Other	0.2	0.1
Total electricity sales	60.8	57.6

	January-March 2005	January-March 2004
Internal generation and input		
Hydro power	11.1	9.4
Nuclear power	16.1	16.7
Fossil-based and wind power	19.0	19.7
Total internal generation	46.2	45.8
Purchased power	16.1	12.8
Spot market	1.9	2.5
Total electricity input	64.2	61.1
Internal consumption	-3.4	-3.5
Total	60.8	57.6

	January-March 2005	January-March 2004	Change %
NORDIC COUNTRIES			
Net sales	▲ 11,919	11,731	1.6
Operating profit	▼ 4,677	4,679	0.0
Operating profit excl items affecting comparability	▼ 4,655	4,671	-0.3
Heat production	▶ 2.8	2.8	0.0
Electricity generation (TWh) ¹	▲ 25.1	24.3	3.3
– of which hydro power	▲ 10.3	8.7	18.4
– of which nuclear power	▼ 14.5	15.4	-5.8
– Other	▲ 0.3	0.2	50.0
Transmitted volume (TWh)	▲ 33.6	32.8	2.4

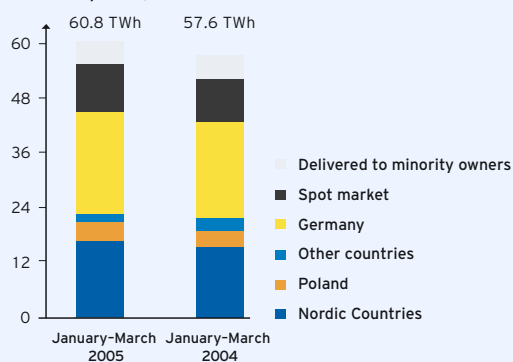
¹ Of electricity generation, Vattenfall has 20 TWh (19) at its disposal, while the remainder goes to minority owners.

Sales and earnings trend

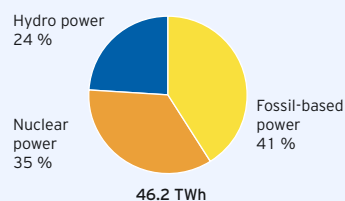
Sales increased marginally compared with the equivalent period last year while operating profit was essentially unchanged. The business units Electricity Generation, Sales, Heat and Services reported improved operating profits while Distribution shows a weakened operating profit due to the severe storm that affected southern Sweden at the beginning of January. Vattenfall's costs for emergency disruption measures, repairs, disruption guarantees etc are estimated at almost half a billion Swedish krona. During the first quarter, profit was burdened in the amount of SEK 425 million as a result of the storm.

Hydro power generation was 1.7 TWh higher than for the first quarter of 2004 due to improved water supply. Nuclear power generation was about 1 TWh lower than last year, the result of a production stop at Ringhals 2.

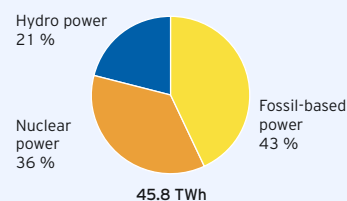
Electricity sales, TWh



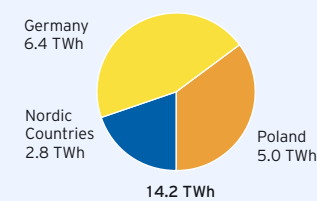
Electricity generation January-March 2005



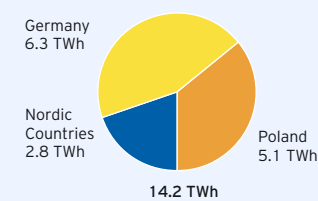
Electricity generation January-March 2004



Heat sales January-March 2005



Heat sales January-March 2004



NORDIC COUNTRIES cont

Market development

Electricity prices rose sharply in February and March, which is explained by colder weather, lower precipitation and the effect of the new trading in emission rights for carbon dioxide. After an initial substantial improvement in the Nordic hydrological balance, precipitation levels gradually worsened. At the end of March, the surplus in the hydrological balance was about 7.5 TWh, to be compared with a deficit of 19.7 TWh in March 2003 and a surplus of 4.3 TWh at the end of 2004. Total electricity consumption in the Nordic countries during the first quarter was essentially unchanged compared with last year.

Even though electricity prices rose during the quarter, the average for the period was lower than last year. The average price (SYSSEK) on the spot market of the Nordic energy exchange Nord Pool was SEK 235 per MWh (SEK 0.235 per kWh) as against SEK 262 per MWh for the equivalent period last year, a drop of slightly more than 10 per cent. Vattenfall's profit was affected only marginally by the price changes as a large part of generation had been hedged. Compared with the equivalent period last year, future prices for 2006 and 2007 have risen somewhat; by about SEK 9 and SEK 8 respectively per MWh, which is equal to an increase of about 3-4 per cent.

Amounts in SEK millions (all figures according to IFRS) January-March 2005 January-March 2004 Change %

GERMANY

Net sales	▲	31,099	25,168	23.6
Operating profit	▲	4,327	2,704	60.0
Operating profit excl items affecting comparability	▲	4,325	3,015	43.4
Heat production (TWh)	▲	6.4	6.3	1.6
Electricity generation (TWh)	▼	19.8	20.2	-2.0
– of which fossil-based	▼	17.4	18.3	-4.9
– of which nuclear power	▲	1.6	1.2	33.3
– of which hydro power	▲	0.8	0.7	14.3

Sales and earnings trend

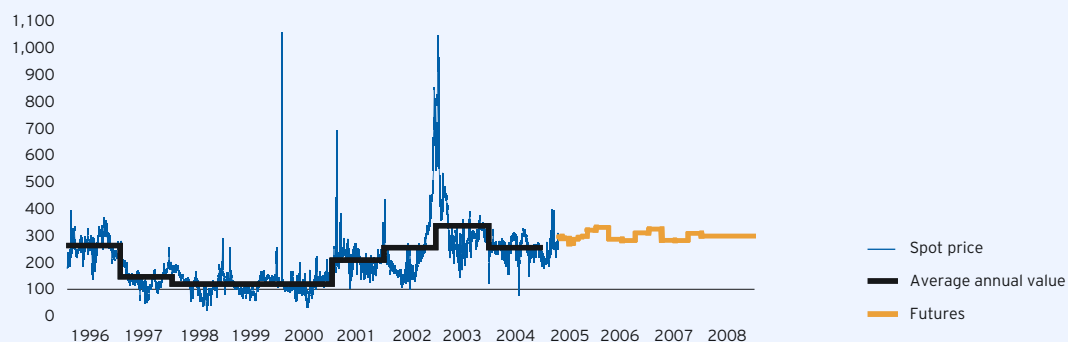
Sales increased by 24 per cent as a result of significantly higher wholesale electricity prices and operating profit improved considerably compared with the equivalent period last year despite a number of production stops. The improvement in operating profit is mainly attributable to higher whole sale electricity prices, cost savings primarily within Heat, cost-driven rises in transmission tariffs and the dissolution of certain provisions.

Nuclear power generation increased by 0.4 TWh while fossil-based power dropped by about 1 TWh as a result of production stops in the Boxberg and Jämschwalde plants. At 6.3 TWh heat generation was on roughly the same level as for the first quarter of 2004.

The German cost-cutting programme, which aimed to achieve annual savings of EUR 400-500 million, was formally completed at the end of 2004. The goal was exceeded as savings of EUR 519 million (about SEK 4.7 billion) were achieved. Work with continued optimisation and cost-reductions is still intensive and each German unit has individual goals tailored to its particular operations. Compared with the first quarter of 2004, operating profit improved

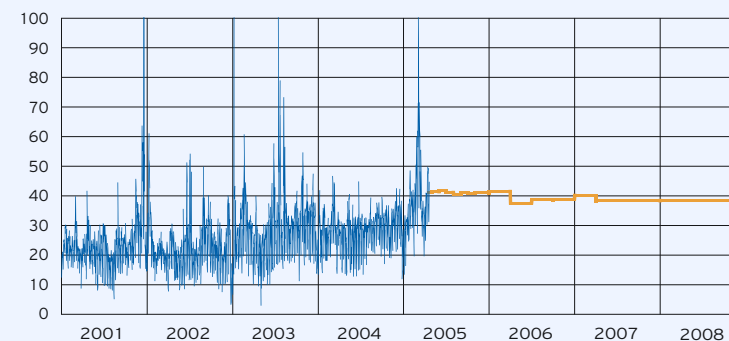
Swedish electricity prices 1996-2008
SEK/MWh

Source: Nord Pool
Updated to April 18, 2005



German electricity prices 1996-2008
EUR/MWh

Source: European Energy Exchange (EEX)
Updated to April 18, 2005



GERMANY cont

considerably for the business units Mining & Generation, Transmission and Sales. Distribution and Heat also developed positively - although in the case of Distribution to a somewhat lesser extent. Sales turned last year's negative result into a clearly positive result much due to reduced sales and administrative costs and through alignment to market terms of a number of larger sales agreements.

Market development

In Germany the average price on the spot market of the German electricity exchange EEX peaked at its highest ever for a quarter: EUR 38.5 per MWh as against EUR 28.5 per MWh for the equivalent period last year. This is explained in part by the introduction of trading in carbon dioxide emission rights at the start of the year.

Since the introduction of trading price developments in emission rights have exhibited an upwards trend, reaching EUR 14.17 per ton March 31. The prices have continued the upward trend in April. The average price for the first quarter was EUR 8.8 per ton of carbon dioxide. Forward prices for electricity show a similar upwards trend. The 2006 calendar year closed at a level of EUR 36.4 per MWh on 31 March. The price rise for emission rights was an important contributing factor.

Amounts in SEK millions (all figures according to IFRS) January-March 2005 January-March 2004 Change %

POLAND

Net sales	▲	2,524	2,198	14.8
Operating profit	▲	375	319	17.6
Operating profit excl items affecting comparability	▲	376	314	19.7
Heat production (TWh)	▼	5.0	5.1	-2.0
Electricity generation (TWh) ¹	▲	1.3	1.2	8.3

¹ 100 % fossil-based power.

Sales and earnings trend

In the first quarter, sales increased by nearly 15 per cent and operating profit by almost 18 per cent. The profit increase is fully attributable to exchange rate effects. Operations are stable and now exhibit good earnings ability much due to the very successful rationalisation and cost-reduction efforts implemented in recent years. Heat operations reported a better result. Lower heat volumes, the result of warm weather at the beginning of the year, was compensated by higher electricity generation in the combined heat and power plants. Network operations achieved a better result than last year, mainly due to lower network losses. Sales reported an unchanged result despite unexpectedly small increases in tariffs.

Market development

Turnover on the Polish electricity exchange POLPX are very low compared with Nord Pool and EEX. The average spot market electricity price was PLN 111 per MWh during the first quarter, compared with PLN 109 per MWh for the equivalent period in 2004. Turnover increased somewhat compared with last year but is still very low and the number of players is small, exchange prices still have limited influence on the pricing of electricity agreements in Poland.

THE PARENT COMPANY

The accounts of the parent company Vattenfall AB have been prepared according to Swedish GAAP, i.e., in accordance with the Swedish Annual Accounts Act and the recommendation of the Swedish Financial Accounting Standards Council (RR 32) on accounting standards for legal entities.

Net sales amounted to SEK 7,197 million (SEK 7,706). Profit after financial items amounted to SEK 2,407 million (2,290). Investments for the year amounted to SEK 323 million (2,512). Cash and cash equivalents amounted to SEK 168 million (31 December 2004: 142). Funds in the group account managed by Vattenfall Treasury AB amounted to SEK 24,400 million (31 December 2004: 22,533).

ACCOUNTING PRINCIPLES

This interim report for the Group has been prepared in accordance with IAS 34 - Interim Reports, which is in agreement with the requirements stipulated in the Swedish Financial Accounting Standards Council's recommendation RR 31 - Consolidated Interim Reports.

The accounting principles applied in this interim report are those described in Vattenfall's annual report for 2004 (Notes 2 and 3 of the consolidated accounts). There it is stipulated, among other things, that the International Financial Reporting Standards (IFRS) are applied as of 2005 and that comparative figures for the year 2004 are restated in accordance with the new principles with the exception of that which applies to financial instruments. In accordance with the regulations for the transition to IFRS, the new principles are applied to financial instruments only in those parts of the accounts that concern 2005. The effect on equity at the start of the year from restatement in accordance with the new principles is specified under the heading Consolidated Change in Equity.

The effects of the restatement of the comparative figures on the result for the first quarter of 2004 and equity at the end of the period are described on page 18 under the heading Transition to International Financial Reporting Standards (IFRS). The equivalent figures for the full year 2004 and equity at the start and end of 2004 are presented in Note 3 of the consolidated accounts in Vattenfall's annual report for 2004.

According to IFRS 1, the accounts shall be prepared in accordance with the IFRS standards that apply as of 31 December 2005. Moreover, these standards shall have been approved by the

EU. As a result, the information provided is preliminary and is based on the current IFRS, which may undergo changes before 31 December 2005 with subsequent effects on the amounts reported.

Emission rights

As of 2005, a trading system applies in the EU in order to reduce emissions of the greenhouse gas carbon dioxide. Within the framework of this system, concerned plants have received, without payment or for prices below fair value, so-called emission rights from the authorities in each country. Emission rights can be bought and sold on the market. IFRIC (International Financial Reporting Interpretations Committee of IASB, International Accounting Standards Board) addresses the accounting of such emission rights in IFRIC 3. The EU has not yet approved IFRIC 3 and has suggested a number of changes.

Pending accounting principles approved by the EU, Vattenfall classifies received and purchased emission rights as inventories. In those cases where emission rights are received, or acquired, at a value lower than fair value at the time of acquisition, the inventory asset is reported at fair value and as deferred income (government subsidy) in the balance sheet. The government subsidy is carried as income over the year and as carbon dioxide is emitted a cost and a liability for the obligation to provide emission rights are reported. The liability and inventory asset are valued in a standardised manner.

VATTENFALL FINANCIAL REPORTS IN 2005

Six-month Interim Report
Nine-month Interim Report

Thursday, 28 July
Thursday, 27 October

Stockholm, 26 April 2005
Lars G Josefsson
President and Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT

Amounts in SEK millions	January-March			Full year		12 months
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS	2004 Sw GAAP	April 2004-March 2005 IFRS
Net sales	35,036	31,810	31,810	113,366	113,366	116,592
Cost of products sold ¹	-24,915	-21,537	-21,653	-83,848	-81,992	-87,226
Gross profit	10,121	10,273	10,157	29,518	31,374	29,366
Selling expenses, administrative expenses and research and development costs ²	-2,715	-2,922	-2,835	-12,572	-12,139	-12,365
Other operating income and expenses, net	1,560	134	134	1,126	1,126	2,552
Participations in the results of associated companies	253	156	208	-960	-754	-863
Operating profit (EBIT) ³	9,219	7,641	7,664	17,112	19,607	18,690
Financial income ⁴	728	561	396	3,516	1,772	3,683
Financial expenses ⁵	-1,130	-1,424	-1,086	-5,330	-4,020	-5,036
Profit before income tax ⁶	8,817	6,778	6,974	15,298	17,359	17,337
Income tax expense	-3,112	-1,885	-1,869	-5,203	-5,011	-6,430
Profit for the period ⁷	5,705	4,893	5,105	10,095	12,348	10,907
Attributable to						
Equity holders of the parent	5,279	4,525	4,765	9,289	11,776	10,043
Minority interests	426	368	340	806	572	864
Total	5,705	4,893	5,105	10,095	12,348	10,907
Earnings per share						
Number of shares (thousands)	131,700	131,700	131,700	131,700	131,700	131,700
Earnings per share (SEK)	40.08	34.36	36.18	70.53	89.42	76.26
Additional information						
Operating profit before depreciation (EBITDA)	12,646	11,178	10,767	32,386	31,453	33,854
Financial items, net excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund	-383	-690	-690	-2,248	-2,248	-1,941
¹ Of which depreciation	-3,318	-3,439	-3,364	-14,745	-14,505	-14,624
¹ Of which dissolution of negative goodwill	-	-	325	-	3,034	-
² Of which depreciation	-109	-98	-64	-529	-375	-540
³ Incl items affecting comparability related to:						
- capital gains/losses	23	25	25	819	819	817
- restructuring costs	-	-325	-	-3,034	-	-2,709
⁴ Incl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund	314	169	-	1,744	-	1,889
⁵ Incl discounting effects attributable to provisions excl provisions for pensions	-333	-342	-	-1,310	-	-1,301
⁶ Incl items affecting comparability	22	-302	23	-2,217	817	-1,893
⁷ Of which items affecting comparability adjusted for tax	15	-181	17	-1,305	546	-1,108

PRIMARY SEGMENTS ¹

Amounts in SEK millions	Net sales			Operating profit (EBIT)			Operating profit (EBIT) excl items affecting comparability		
	January-March		Full year	January-March		Full year	January-March		Full year
	2005 IFRS	2004 IFRS	2004 IFRS	2005 IFRS	2004 IFRS	2004 IFRS	2005 IFRS	2004 IFRS	2004 IFRS
Nordic Countries	11,919	11,731	39,962	4,677	4,679	12,215	4,655	4,671	12,246
Germany	31,099	25,168	92,945	4,327	2,704	4,591	4,325	3,015	7,208
Poland	2,524	2,198	7,427	375	319	711	376	314	691
Other ²	12,534	9,689	35,363	-160	-61	-392	-160	-59	-805
Eliminations ³	-23,040	-16,976	-62,331	-	-	-13	-	-	-13
Total	35,036	31,810	113,366	9,219	7,641	17,112	9,196	7,941	19,327

¹ Compared to the segments presented in Vattenfall's Annual Report for 2004 (Note 5 of the consolidated accounts) as of 2005 the segments have been modified to better reflect the internal organisation, management structure and internal financial reporting.

² Includes energy trading activities, treasury activities and other Group functions.

³ Concerns mainly trade between Nordic Countries and Germany and energy trading activities included in the segment Other.

SECONDARY SEGMENTS ¹

Amounts in SEK millions	Net sales			Operating profit (EBIT)			Operating profit (EBIT) excl items affecting comparability		
	January-March		Full year	January-March		Full year	January-March		Full year
	2005 IFRS	2004 IFRS	2004 IFRS	2005 IFRS	2004 IFRS	2004 IFRS	2005 IFRS	2004 IFRS	2004 IFRS
Electricity Generation	14,145	13,616	51,128	5,257	4,363	12,417	5,254	4,445	13,106
Electricity Markets ²	17,478	16,877	61,725	392	-82	-839	391	-57	-322
Electricity Networks	15,309	12,835	44,761	2,099	2,307	6,129	2,095	2,378	6,365
Heat	6,509	5,894	18,320	1,807	1,510	2,622	1,803	1,564	3,023
Other	1,360	1,249	6,262	-336	-457	-3,205	-347	-389	-2,833
Eliminations ³	-19,765	-18,661	-68,830	-	-	-12	-	-	-12
Total	35,036	31,810	113,366	9,219	7,641	17,112	9,196	7,941	19,327

¹ Compared to the segments presented in Vattenfall's Annual Report for 2004 (Note 5 of the consolidated accounts) as of 2005 the segments have been modified to better reflect the internal organisation, management structure and internal financial reporting.

² Includes sales and energy trading activities.

³ Concerns mainly trade between Electricity Generation, Electricity Markets and Electricity Networks.

CONSOLIDATED BALANCE SHEET

BALANCE SHEET

Amounts in SEK millions	31 March			31 December	
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS	2004 Sw GAAP
Assets					
Non-current assets					
Intangible fixed assets	5,706	6,064	5,483	5,663	5,065
Tangible fixed assets	182,962	187,593	183,548	182,540	179,029
Financial fixed assets	52,613	52,580	29,420	50,518	26,681
Total non-current assets	241,281	246,237	218,451	238,721	210,775
Current assets					
Inventories	12,808	7,125	7,047	7,577	7,470
Trade and other receivables	32,437	28,858	28,858	23,836	23,790
Current tax assets	1,248	1,958	1,958	1,264	1,264
Short-term investments	7,465	5,546	5,546	7,700	7,700
Cash and cash equivalents	8,485	7,482	7,482	5,916	5,916
Total current assets	62,443	50,969	50,891	46,293	46,140
Total assets	303,724	297,206	269,342	285,014	256,915
Equity and liabilities					
Equity					
Attributable to equity holders of the parent	76,445	70,944	57,352	73,339	62,316
Attributable to minority interests	10,725	9,768	8,891	10,260	9,188
Total equity	87,170	80,712	66,243	83,599	71,504
Non-current liabilities					
Interest-bearing liabilities	64,820	68,097	68,097	64,119	64,119
Interest-bearing provisions	39,801	43,560	27,045	39,939	23,965
Pension provisions	16,720	16,555	16,555	16,450	16,450
Deferred tax liabilities	42,499	41,879	35,082	41,646	34,688
Other non-interest-bearing liabilities	2,083	2,195	2,195	2,135	2,135
Negative goodwill	–	–	9,917	–	6,928
Total non-current liabilities	165,923	172,286	158,891	164,289	148,285
Current liabilities					
Trade and other payables	36,704	25,927	25,927	21,363	21,363
Current tax liabilities	2,657	1,580	1,580	1,999	1,999
Interest-bearing liabilities ¹	6,569	12,027	12,027	8,894	8,894
Interest-bearing provisions	4,701	4,674	4,674	4,870	4,870
Total current liabilities	50,631	44,208	44,208	37,126	37,126
Total equity and liabilities	303,724	297,206	269,342	285,014	256,915
Pledged assets	281	109	109	247	247
Contingent liabilities	12,079	11,008	11,008	10,441	10,441
¹ Of which interest arbitrage transactions	–	979	979	–	–

ADDITIONAL INFORMATION
Net assets

Amounts in SEK millions	31 March			31 December	
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS	2004 Sw GAAP
Nordic Countries	57,514	57,177	57,586	57,186	57,950
Germany	69,765	74,055	60,715	68,040	57,953
Poland	7,175	5,339	6,881	7,321	7,187
Other ¹	-1,561	-1,097	-121	-3,409	-2,430
Eliminations	659	1,688	108	2,293	2,292
Total net assets on balance sheet date	133,552	137,162	125,169	131,431	122,952
Net assets, weighted average value ²	133,253	-	123,871	134,029	123,423

¹ Includes energy trading activities, treasury activities and other Group functions.

² IFRS information for 2003 is not available.

Net debt

Amounts in SEK millions	31 March			31 December	
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS	2004 Sw GAAP
Interest-bearing liabilities ¹	-71,389	-80,124	-80,124	-73,013	-73,013
Cash and cash equivalents	8,485	7,482	7,482	5,916	5,916
Short-term investments	7,465	5,546	5,546	7,700	7,700
Loans to minority owners in foreign subsidiaries	4,044	4,180	4,180	3,986	3,986
Total net debt	-51,395	-62,916	-62,916	-55,411	-55,411
¹ Of which loans from minority-owned German nuclear power companies.	14,413	15,607	15,607	14,458	14,458

CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT

Amounts in SEK millions	January–March			Full year		12 months
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS	2004 Sw GAAP	April 2004–March 2005 IFRS
Operating activities						
Funds from operations (FFO)	8,771	9,009	8,990	24,302	24,159	24,064
Cash flow from changes in operating assets and operating liabilities	-1,296	-1,343	-1,330	-199	-186	-152
Cash flow from operating activities	7,475	7,666	7,660	24,103	23,973	23,912
Investment activities						
Investments	-1,821	-3,263	-3,257	-12,731	-12,601	-11,289
Divestments	110	193	193	2,120	2,120	2,037
Cash and cash equivalents in acquired/divested companies	-	-16	-16	-20	-20	-4
Cash flow from investment activities	-1,711	-3,086	-3,080	-10,631	-10,501	-9,256
Cash flow before financing activities	5,764	4,580	4,580	13,472	13,472	14,656
Financing activities						
Changes in short-term investments	355	1,873	1,873	-439	-439	-1,957
Loans raised	470	242	242	7,984	7,984	8,212
Amortisation of debt	-4,084	-6,581	-6,581	-20,229	-20,229	-17,732
Dividend paid	-	-16	-16	-2,600	-2,600	-2,584
Cash flow from financing activities	-3,259	-4,482	-4,482	-15,284	-15,284	-14,061
Cash flow for the period	2,505	98	98	-1,812	-1,812	595
Cash and cash equivalents						
Cash and cash equivalents at the beginning of the period	5,916	7,301	7,301	7,301	7,301	7,482
Cash flow for the period	2,505	98	98	-1,812	-1,812	595
Exchange rate differences	64	83	83	427	427	408
Cash and cash equivalents at the end of the period	8,485	7,482	7,482	5,916	5,916	8,485

OPERATIVE CASH FLOW STATEMENT

Cash flow before financing activities	5,764	4,580	4,580	13,472	13,472	14,656
Financing activities						
Dividend paid	-	-16	-16	-2,600	-2,600	-2,584
Cash flow after dividend	5,764	4,564	4,564	10,872	10,872	12,072
Net debt at beginning of the period	-55,411	-66,890	-66,890	-66,890	-66,890	-62,916
Transition effect on application of new accounting principles (IAS 39)	-584	-	-	-	-	-584
Effect of altered classification of interest in pension provision	-	84	84	84	84	-
Cash flow after dividend	5,764	4,564	4,564	10,872	10,872	12,072
Exchange rate differences on net debt	-1,164	-674	-674	523	523	33
Net debt at the end of the period	-51,395	-62,916	-62,916	-55,411	-55,411	-51,395
Free cash flow	5,984	6,505	6,510	15,684	15,814	15,163

CHANGE IN EQUITY

Amounts in SEK millions	January-March 2005 (IFRS)		Total equity
	Attributable to equity holders of the parent	Attributable to minority holders	
Balance brought forward	73,339	10,260	83,599
Transition effect on application of new accounting principles (IAS 39)	-416	-24	-440
Cash flow hedges	-2,163	-22	-2,185
Currency hedges related to foreign equity	-387	-	-387
Translation differences	793	118	911
Changes in ownership	-	-33	-33
Profit for the period	5,279	426	5,705
Balance carried forward	76,445	10,725	87,170¹

¹ Of which cash flow hedge reserve, SEK -2,426 million.

Amounts in SEK millions	January-March 2004 (IFRS)		Total equity
	Attributable to equity holders of the parent	Attributable to minority holders	
Balance brought forward	65,502	10,227	75,729
Dividend	-	-16	-16
Translation differences	1,180	161	1,341
Currency hedges related to foreign equity	-263	-	-263
Changes in ownership	-	-972	-972
Profit for the period	4,525	368	4,893
Balance carried forward	70,944	9,768	80,712

Amounts in SEK millions	January-March 2004 (IFRS)		Total equity
	Attributable to equity holders of the parent	Attributable to minority holders	
Balance brought forward	65,502	10,227	75,729
Dividend	-2,400	-200	-2,600
Translation differences	616	251	867
Currency hedges related to foreign equity	332	-	332
Group contributions from minority, net of taxes	-	192	192
Changes in ownership	-	-1,016	-1,016
Profit for the period	9,289	806	10,095
Balance carried forward	73,339	10,260	83,599

KEY RATIOS

KEY RATIOS (Definitions on page 19)

(in per cent unless otherwise stated)	January-March		Full year		12 months
	2005 IFRS	2004 IFRS	2004 IFRS	2004 Sw GAAP	April 2004-March 2005 IFRS
Operating margin	26.3	24.0	15.1	17.3	16.0
Operating margin ¹	26.2	25.0	17.0	16.6	17.7
Pre-tax profit margin	25.2	21.3	13.5	15.3	14.9
Pre-tax profit margin ¹	25.1	22.3	15.4	14.6	16.5
Return on equity	-	-	14.2	22.4	14.2
Return on equity ¹	-	-	16.2	21.4	15.7
Return on net assets	-	-	12.2	15.9	13.4
Return on net assets ¹	-	-	13.8	15.2	14.8
Interest coverage ratio, times	12.1	7.4	4.7	5.3	5.5
Interest coverage ratio, times ¹	12.1	7.7	5.2	5.1	6.0
FFO interest coverage ratio, times	12.0	9.3	7.0	7.0	7.4
FFO interest coverage ratio, net, times	23.9	14.1	11.8	11.7	13.4
Equity/assets ratio	28.7	27.2	29.3	27.8	28.7
Net debt/equity ratio, times	0.59	0.78	0.66	0.77	0.59
Net debt/equity plus net debt	37.1	43.8	39.9	43.7	37.1
Interest-bearing debt/interest-bearing debt plus equity	45.0	49.8	46.6	50.5	45.0
FFO/interest-bearing debt	-	-	33.3	33.1	33.7
FFO/net debt	-	-	43.9	43.6	46.8
EBITDA/net financial items, times	33.0	16.2	14.4	14.0	17.4
EBITDA/net financial items, times ¹	33.0	16.6	15.4	13.6	18.4

¹ Excl items affecting comparability.

QUARTERLY INFORMATION

	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
	2005	2004	2004	2004	2004
Amounts in SEK millions	IFRS	IFRS	IFRS	IFRS	IFRS
Income statement					
Net sales	35,036	32,405	23,890	25,261	31,810
Cost of products sold	-24,915	-24,545	-18,830	-18,936	-21,537
Other expenses and revenues, net	-1,155	-3,394	-2,493	-2,771	-2,788
Participations in the results of associated companies	253	-676	-505	65	156
Operating profit before depreciation (EBITDA)	12,646	8,432	5,477	7,299	11,178
Operating profit (EBIT)	9,219	3,790	2,062	3,619	7,641
Financial items, net	-402	24	-409	-566	-863
Financial items, net ¹	-383	-711	-334	-513	-690
Profit before income tax	8,817	3,814	1,653	3,053	6,778
Profit for the period attributable to minority interests	426	304	-81	215	368
Profit for the period attributable to equity holders of the parent	5,279	1,991	1,076	1,697	4,525
Balance sheet					
Non-current assets	241,281	238,721	240,764	242,605	246,237
Short-term investments	7,465	7,700	8,094	8,146	5,546
Cash and cash equivalents	8,485	5,916	7,774	8,412	7,482
Other current assets	46,493	32,677	32,956	34,986	37,941
Total assets	303,724	285,014	289,588	294,149	297,206
Equity attributable to equity holders of the parent	76,445	73,339	70,960	69,713	70,944
Equity attributable to minority interests	10,725	10,260	9,669	9,794	9,768
Interest-bearing liabilities	71,389	73,013	77,703	82,141	80,124
Interest-bearing provisions	44,502	44,809	45,548	47,420	48,234
Pension provisions	16,720	16,450	16,533	16,425	16,555
Deferred tax liabilities	42,499	41,646	41,544	41,237	41,879
Other non-interest-bearing liabilities	41,444	25,497	27,631	27,419	29,702
Total equity and liabilities	303,724	285,014	289,588	294,149	297,206
Net assets	133,552	131,431	131,749	134,475	137,162
Net debt	-51,395	-55,411	-57,850	-61,512	-62,916
Cash flow					
Funds from operations (FFO)	8,771	6,780	2,794	5,719	9,009
Cash flow from changes in operating assets and operating liabilities	-1,296	-1,863	3,115	-108	-1,343
Cash flow from operating activities	7,475	4,917	5,909	5,611	7,666
Cash flow from investment activities	-1,711	-3,028	-2,281	-2,236	-3,086
Cash flow before financing activities	5,764	1,889	3,628	3,375	4,580
Changes in short-term investments	355	313	36	-2,661	1,873
Loans raised/amortisation of debt, net	-3,614	-4,428	-4,259	2,781	-6,339
Dividend paid	-	6	-	-2,590	-16
Cash flow from financing activities	-3,259	-4,109	-4,223	-2,470	-4,482
Cash flow for the period	2,505	-2,220	-595	905	98
Free cash flow	5,984	1,552	3,856	3,771	6,505

¹ Excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund.

KEY RATIOS (Definitions on page 19)

	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
(in per cent unless otherwise stated)	2005 IFRS	2004 IFRS	2004 IFRS	2004 IFRS	2004 IFRS
Return on equity ²	14.2	-	-	-	-
Return on equity ^{1,2}	15.7	-	-	-	-
Return on net assets ²	13.4	-	-	-	-
Return on net assets ^{1,2}	14.8	-	-	-	-
Interest coverage ratio, times	12.1	3.4	3.4	4.3	7.4
Interest coverage ratio, times ¹	12.1	4.4	4.2	4.4	7.7
Equity/assets ratio	28.7	29.3	27.9	27.1	27.2
Net debt/equity ratio, times	0.59	0.66	0.72	0.77	0.78
Net debt/equity plus net debt	37.1	39.9	41.8	43.6	43.8
FFO/interest-bearing debt ²	33.7	-	-	-	-
FFO/net debt ²	46.8	-	-	-	-

¹ Excl items affecting comparability.

² Rolling 12-months values (IFRS information for 2003 is not available).

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

For further information see Vattenfall's Annual Report for 2004, Note 3 of the consolidated accounts.

Summarised reconciliation of consolidated equity

Amounts in SEK millions	31 March 2004
Equity according to Swedish GAAP	57,352
Negative goodwill	9,917
Amortisation of goodwill	29
Obligations for decommissioning, restoration etc.	
– nuclear power operations	3,363
– mining operations	2,847
Development costs	550
Deferred tax	-2,237
Minority interests	8,891
Total change under IFRS	23,360
Equity according to IFRS	80,712

Summarised reconciliation of consolidated equity

Amounts in SEK millions	January-March 2004
Net profit according to Swedish GAAP	4,765
Negative goodwill	-325
Amortisation of goodwill	29
Obligations for decommissioning, restoration etc.	
– nuclear power operations	59
– mining operations	47
Development costs	-6
Deferred tax	-16
Minority interests	340
Total change under IFRS	128
Net profit according to IFRS	4,893

DEFINITIONS

Items affecting comparability: Non-recurring capital gains and capital losses from shares and other fixed assets and - for the year 2004 - even restructuring costs which, in accordance with Swedish GAAP, were recorded as an offset to dissolution of negative goodwill.

Net assets: Balance sheet total less non-interest-bearing liabilities, provisions, interest-bearing receivables, assets in the Swedish Nuclear Waste Fund, cash and cash equivalents and short-term investments.

Net debt: Interest-bearing liabilities less long-term loans to minority owners in foreign subsidiaries and cash and cash equivalents and short-term investments

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

Pre-tax profit margin, per cent: Profit before income tax in relation to net sales.

Return on equity, per cent: Profit for the period attributable to equity holders of the parent in relation to equity at the beginning of the period attributable to equity holders of the parent excl cash flow hedges.

Return on net assets, per cent: Operating profit (EBIT) plus discounting effects attributable to provisions in relation to a weighted average of the net assets for the period.

Interest coverage ratio, times: Operating profit (EBIT) plus financial income excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund in relation to financial expenses excl discounting effects attributable to provisions.

FFO interest coverage ratio, times: Funds from operations (FFO) plus financial expenses excl discounting effects attributable to provisions in relation to financial expenses excl discounting effects attributable to provisions.

FFO interest coverage ratio, net, times: Funds from operations (FFO) plus net financial items excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund in relation to financial items excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund.

Equity/assets ratio, per cent: Equity in relation to the balance sheet total at the end of the period less interest arbitrage transactions.

Net debt/equity ratio, times: Interest-bearing liabilities less long-term loans to minority owners in foreign subsidiaries and cash and cash equivalents and short-term investments in relation to equity.

Interest-bearing liabilities/interest-bearing liabilities plus equity, per cent: Interest-bearing liabilities in relation to interest-bearing liabilities plus equity.

Net debt/equity plus net debt, per cent: Net debt in relation to net debt plus equity.

FFO/interest-bearing debt, per cent: Funds from operations (FFO) in relation to interest-bearing liabilities.

FFO/net debt, per cent: Funds from operations (FFO) in relation to interest-bearing liabilities less long-term loans to minority owners of foreign subsidiaries and cash and cash equivalents and short-term investments.

EBITDA/net financial items, times: Operating profit before depreciation (EBITDA) in relation to net financial items excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund.

Free cash flow: Cash flow from operating activities less maintenance investments.

