

YEAR END REPORT FEBRUARY 22 2002

Vattenfall I 2001: Strong Growth and Improved Profit

- **Substantial improvement in profit, operating profit increased to SEK 10.0 billion (6.7)**
- **The return on capital employed, excluding items affecting comparability, increased to 8.8 per cent (6.6)**
- **Net sales increased to SEK 69 billion (32). Vattenfall is now established as the fifth largest electricity company in Europe (141 TWh)**

Net sales more than doubled, reaching SEK 69 billion after acquisitions in Germany.

Operating profit increased in total by about SEK 3.3 billion to SEK 10.0 billion. Operating profit excluding items affecting comparability improved by 78 per cent to SEK 8.8 billion. Items affecting comparability, net, amounted to about SEK 1.1 billion (1.7).

Profit before tax and minority interests increased to SEK 7.5 billion, of which non-recurring items comprised SEK 1.1 billion (1.9). Generation Nordic Countries reported an improved profit. The German companies have reported an improvement in profit and HEW, VEAG and LAUBAG have been consolidated into Vattenfall.

Vattenfall's electricity generation in the Nordic countries increased by 14 per cent to a record high 92.2 TWh (81.0). The increase was primarily due to higher nuclear power generation.

In Sweden, Vattenfall focused on upgrading the rural network and on other measures to reduce the impact of storms and snowstorms. The positive effect of this work was experienced in December with fewer and shorter interruptions during a heavy storm, compared with the situation at the beginning of 2001, as well as considerably improved communication with customers.

In 2001, Vattenfall took decisive steps to realise the international strategy that the Board of Directors had established, whereby the company is to develop into a leading European energy company. Through acquisitions of the majority shareholding in Hamburgische Electricitäts-Werke AG (HEW) which, in turn, during 2001, acquired a majority stake in Vereinigte Energiewerke AG (VEAG) and Lausitzer Braunkohle AG (LAUBAG), the foundations for Vattenfall Europe AG were laid. Vattenfall is now the third largest electricity company in Germany and the fifth largest electricity company in Europe. At year-end 2001, HEW and Mirant Corporation each owned 44.8 per cent of Bewag AG and each had a 46.1 per cent share of the voting power. In February 2002, Vattenfall, through HEW, has taken over Mirant's shares and from now on owns 89.5 per cent of Bewag AG, in accordance with an agreement that was signed in December 2001.

In 2002, Vattenfall Europe was integrated into the Group with a new organisation and management structure. The organisation will consist of the Vattenfall Europe AG holding company with business units for generation, transmission, distribution, sales, trading and heat. When the synergies and rationalisation measures have been fully achieved, the profit in the German companies is expected to improve by EUR 400-500 million per year.

In February 2002, both Moody's and Standard & Poor's confirmed Vattenfall's single A rating (A3 and A-, respectively).

Stockholm, February 22, 2002

Lars G Josefsson
President and Chief Executive Officer

NET SALES AND PERFORMANCE

Net sales more than doubled to SEK 69,003 million (31,695). The net sales figure does not cover financial trading. The share of net sales outside Sweden increased to 56 per cent (27).

The increase in net sales is mainly attributable to the net sales of the acquired companies, HEW, VEAG and LAUBAG. Net sales amounted to SEK 31,498 million and covers the whole of 2001 for HEW, the period from May 16 for VEAG and the second half of the year for LAUBAG.

Operating profit increased to SEK 9,959 million (6,688). Operating profit excluding items affecting comparability amounted to SEK 8,822 million (4,969). Items affecting comparability amounted to SEK 1,137 million (1,719).

After a number of years with low prices as a result of mild weather and abundant water supply, prices on the NordPool power exchange stabilised in 2001. This had a positive impact on profit, as a result of increased electricity sales to power exchanges at higher prices.

Total electricity sales, excluding financial trading, amounted to 149.9 TWh (83.1), allocated as follows: customers, 123.0 TWh (70.1) and power exchanges, 26.9 TWh (13.0). In addition, 19.4 TWh (13.3) was supplied to minority shareholders in power stations etc.

Electricity acquired amounted to 175.8 TWh (99.9) of which in-house generation comprised 140.9 TWh (83.8) and purchases 34.8 TWh (16.1). A total of 39.9 TWh (39.6) of hydro power, 58.1 TWh (40.6) of nuclear power and 42.9 TWh (3.5) of thermal power etc was generated. The increase is mainly attributable to generation by the acquired companies, HEW and VEAG, and by increased generation in the Nordic countries. 6.5 TWh (3.5) of the electricity acquired was utilized internally, mainly to cover network losses.

Financial income and expenses – net, amounted to SEK -2,505 million (-1,499). Interest coverage was 2.6 times (3.1).

Profit before tax and minority interests increased by 44 per cent to SEK 7,454 million (5,189), of which items affecting comparability comprised SEK 1,127 million (1,852). As a percentage of net sales, profit (the pre-tax profit margin) was 10.8 per cent (16.4). The pre-tax profit margin excluding items affecting comparability amounted to 9.2 per cent (10.5).

Profit for the year increased by 41 per cent to SEK 4,190 million (2,970). Excluding items affecting comparability, profit increased by 158 per cent to SEK 3,651 million (1,414).

Return on capital employed, excluding items affecting comparability increased to 8.8 per cent (6.6).

Return on equity after actual tax increased to 11.8 per cent (8.9).

SALES AND PERFORMANCE FOR THE 4TH QUARTER

Net sales for the fourth quarter increased by 131 per cent to SEK 22,237 million (9,640). Operating profit amounted to SEK 3,664 million (289). Operating profit excluding items affecting comparability amounted to SEK 3,348 million (1,233). Financial income and expenses – net amounted to SEK -946 million (-318). Profit before tax and minority interests increased to SEK 2,718 million (-29) and, excluding items affecting comparability, to SEK 2,412 million (915). Profit for the period increased to SEK 1,656 million (-241).

PROFIT AREAS

Generation Nordic Countries

Net sales amounted to SEK 22,266 million (15,934) and *operating profit* to SEK 6,099 million (4,930). Excluding items affecting comparability, operating profit increased to SEK 5,983 million (2,291). Items affecting comparability amounted to SEK 116 million (2,639). The increase is attributable to increased electricity sales to power exchanges at a higher electricity price and reduced costs. A total of 39.9 TWh of hydro power (39.6) and 52.3 TWh of nuclear power (40.6) was generated in the Nordic countries. Sales to the NordPool power exchange amounted to 26.0 TWh (13.0).

Market Nordic Countries

Market Nordic Countries comprises the following independent business units: Sales Sweden, Sales Finland, Mega and Supply & Trading and, during 2001, Sales Norway.

Net sales increased to SEK 19,492 million (16,503) and *operating result* decreased by SEK 1,145 million to SEK -511 million (634). The strong decrease in operating profit is attributable to higher prices for purchased electricity as well as a lower volume sold. The volume sold in accordance with bilateral agreements amounted to 58.6 TWh of electricity (63.8) and 1.2 TWh of heat (the figures for 2000 are included in Heat Nordic Countries). Financial trading is not included in the volume of electricity sold.

Heat Nordic Countries

Heat Nordic Countries includes the generation and sale of thermal energy, district-heating and FärdigVärme in Sweden, Finland, Estonia and Latvia.

Net sales amounted to SEK 2,590 million (1,951) and *operating profit* to SEK 162 million (-63). The volume sold consisted of 4.9 TWh of district-heating (3.1) and 1.4 TWh of FärdigVärme (2.4). The increase in the volume of district-heating is mainly attributable to the acquisitions during 2000 of Uppsala Energi (now Vattenfall Värme Uppsala) and part of the Finnish company, Hämeenlinnan Energi (now Vattenfall Kaukolämpö). The cold weather during the first quarter of 2001 led to an increase in demand and contributed to the improved profit.

Electricity Networks Nordic Countries

Electricity Networks comprises the independent business units, Electricity Networks Sweden and Electricity Networks Finland. In 2001, Electricity Networks Sweden focused on the maintenance and upgrading of certain rural networks as well as other measures to reduce the effects of power interruptions as a result of bad weather. Due to measures implemented in 2001, a storm at the end of the year meant fewer and shorter power cuts than was the case when a similar storm occurred at the beginning of the year. The investment corresponds to SEK 200 million per year for a planning period of several years.

Net sales amounted to SEK 7,924 million (7,551) and *operating profit* to SEK 1,816 million (1,619). The transmission volume amounted to 117 TWh (114).

Services

Services comprise contracting and consulting services as well as R&D services.

Net sales amounted to SEK 2,938 million (2,832) and *operating profit* increased to SEK 187 million (72). The improvement in profit is primarily attributable to the re-structuring of the Finnish contracting operations and to the high capacity utilization in the Swedish contracting operations.

Germany and Poland

The operations of the Vattenfall Group in Germany are co-ordinated in Vattenfall Europe. In 2001, a majority stake was acquired in HEW, VEAG and LAUBAG. HEW was consolidated from January, VEAG from May and LAUBAG from July. Net sales and operating profit thereby increased substantially. Bewag is being consolidated from the first quarter of 2002.

The Vattenfall Poland business unit comprises the Vattenfall Group's operations in Poland, with a majority stake (55 per cent) in Elektrociepłownia Warszawskie S.A. (EW) which generates heat and, to a certain extent, electricity in Warsaw. Vattenfall also has a minority stake (32 per cent) with management responsibility in the electricity distribution company, Gornoslaski Zaklad Elektroenergetyczny S.A. (GZE). Under an agreement with the Polish state, Vattenfall will increase its holdings in EW and GZE over the next few years.

Net sales amounted to SEK 32,752 million (2,495) and *operating profit* to SEK 3,983 million (418). The increase can be explained by the German companies which were consolidated in 2001. The German companies have reported an improvement in profit.

In Germany, the volume of electricity sold amounted to 51.7 TWh (1.7) and district-heating sold amounted to 5.1 TWh (0). In Poland, the corresponding figures were 5.2 TWh of electricity (3.7) and 12.8 TWh of heat (11.5).

Other Business

In 2001, Other Business comprised activities outside core business as well as New Business. Other Business includes Arrowhead AB and Vattenfall Connection AB, service companies with a certain level of external sales as well as the companies in the Netherlands and Lithuania.

New Business was closed down in 2001. As a result of a weak demand for "intelligent home" services, Sensel AB's operations were closed down in 2001. In the broadband segment, Vattenfall has operated through two companies, Arrowhead AB and Vattenfall Connection AB, in 2001. In view of the uncertain outlook for broadband services, write-downs and provisions have been made in the accounts.

Companies in South-East Asia and South America as well as Vattenfall's 51 per cent stake in Vattenfall Naturgas AB (now Nova Naturgas AB) were sold in 2001. In connection with the acquisition of the majority stake in HEW, Vattenfall's shareholding in VCE in the Czech Republic and LPC in Lithuania were also sold.

Net sales amounted to SEK 2,903 million (2,457) and the *operating result* to SEK -1,730 million (-880). The loss in New Business amounted to SEK 1,316 million, of which a large portion comprised write-downs and close-down costs.

FINANCIAL POSITION

The Group's net borrowing increased by SEK 12,514 million to SEK 55,546 MSEK.

Liquid assets amounted to SEK 10,340 million (7,543). SEK 22,647 million in investment assets in HEW and LAUBAG must be added to this amount.

The Group's risk capital, namely, equity including minority interests, amounted to SEK 58,658 million, which is an increase of SEK 18,303 million. The equity-assets ratio amounted to 22.7 per cent (35.4).

Provisions increased to SEK 90,956 million (13,979), primarily as a result of company acquisitions.

Interest-bearing liabilities increased by SEK 37,866 million to SEK 88,533 million. The increase is primarily attributable to the consolidation of VEAG's and HEW's liabilities. Of the total interest-bearing liabilities, SEK 18,148 million concerns liabilities to minority shareholders and associated companies.

Current non-interest-bearing liabilities increased by SEK 9,921 million to SEK 19,297 million. The increase is largely due to company acquisitions.

In February 2002, both Moody's and Standard & Poor's confirmed Vattenfall's single A rating (A3 and A-, respectively).

FINANCING

Cash flow from operations before changes in operating assets and operating liabilities (FFO) amounted to SEK 13,148 million (5,830). *Cash flow before financing activities* amounted to SEK -12,542 million (-15,899). Acquired/sold interest-bearing liabilities and investment assets, net, amounted to SEK - 6,567 million.

INVESTMENTS

The Group's investments amounted to SEK 43,443 million (23,840), of which growth investments, namely company acquisitions and expansion investments in fixed assets, amounted to SEK 38,478 million (20,759). Company acquisitions amounted to SEK 35,760 million (19,077). Acquisitions of group companies accounted for SEK 16,675 million (10,035), associated companies for SEK 18,186 million (8,880) and other long-term securities for SEK 889 million (162). SEK 7,454 million (4,426) was invested in tangible fixed assets and SEK 229 million (337) in intangible assets. At the same time, SEK 20,459 million (1,810) worth of assets was divested. In connection with the acquisitions in Germany, assets were sold to Sydkraft AB and E.ON Energie AG.

STRUCTURAL CHANGES

Structural Transactions for Vattenfall Europe

In May, agreements were concluded with Sydkraft and E.ON Energie concerning the acquisition of their shares in HEW, corresponding to 21.8 per cent or 15.4 per cent respectively of the share capital. In exchange, in addition to about SEK 4.4 billion in cash, Vattenfall provided the following assets, valued at about SEK 4.7 billion: Shares in Forsmarks Kraftgrupp AB (8.5 per cent of the equity), network operations in Östergötland, Vattenfall's ownership stake in the Norwegian companies, Hafslund ASA (21 per cent), Fredrikstad Energiverk (49 per cent), Fredrikstad Fjernvarme (35 per cent) and Fredrikstad Energinett (35 per cent) as well as Vattenfall's stake in Baltic Cable AB (33.3 per cent), LPC in Lithuania (11 per cent) and VCE in the Czech Republic (42 per cent).

In 2001, Vattenfall acquired additional shares in HEW from external owners, partly through a public offer in July and August. At year-end, Vattenfall's shareholding in HEW amounted to 73.8 per cent of the share capital. In addition to the shares owned by the City of Hamburg (25.1 per cent), 1.1 per cent were out on the free market at year-end.

In turn, in May 2001, HEW acquired from the E.ON Energie and RWE power companies, 75 per cent in the production company, VEAG, in eastern Germany and, in July, 90 per cent of the mining company, LAUBAG. At year-end, HEW's direct and indirect ownership stakes in these companies were 81.3 and 92.5 per cent, respectively.

In April 2001, Vattenfall, Mirant and HEW reached an agreement that Vattenfall (through HEW) and Mirant would have equivalent ownership stakes in Bewag. At year-end 2001, HEW and Mirant each held a 44.8 per cent ownership stake in Bewag, and each held 46.1 per cent of the voting power. In February 2002, Vattenfall, through HEW, took over Mirant's shares in Bewag and now owns a 89.5 per cent stake with a 92.1 per cent share of the voting power.

Other Structural Transactions in 2001

At the beginning of 2001, the hydro power plants that Vattenfall owned in the Motala River were sold to Tekniska verken i Linköping.

In February, Vattenfall acquired 31.8 per cent of the shares in the Polish electricity distribution company, GZE. The employees have a put option for their 15 per cent of the shares which, together with a new share issue, could lead to Vattenfall's stake exceeding 50 per cent in 2003.

In March, Vattenfall made a public offer to other shareholders in Arrowhead AB concerning the acquisition of their shares. The compulsory redemption of outstanding shares is in progress. Vattenfall has preferential rights to all of the shares.

In Sweden, Vattenfall sold its 63 per cent stake in AB Ryssa Elverk in July in exchange for Birka Energi's wholly-owned AB Kallströmmen and the subsidiary, AB Avesta Elnät.

At the beginning of July, Vattenfall also sold its 51 per cent stake in Nova Naturgas AB (previously Vattenfall Naturgas AB) to the other shareholders.

In 2001, Vattenfall sold its assets in South-East Asia and South America.

In Finland, Vattenfall sold its stake in the production companies, Etelä-Pohjanmaan Voima (11 per cent) and Päijät-Hämeen Voima (29 per cent).

In Norway, via the subsidiary Vattenfall Norge AS, Vattenfall owned at the beginning of the year, 49 per cent of the sales company, Oslo Energi AS. E-CO Energi AS (previously Oslo Energi Holding), utilised its put option in June 2001 for the remaining 51 per cent. In December, Vattenfall Norge AS and its subsidiary, Oslo Energi AS, were sold to Hafslund ASA. At the same time, Vattenfall became a shareholder in Hafslund ASA. An agreement concerning the sale of these shares was signed in February 2002.

In December, the electricity trading company, Plusenergi AB, in which Vattenfall holds a 50 per cent stake, signed an agreement to acquire the electricity trading company, Borås Energi AB.

PERSONNEL

The average number of employees, expressed in terms of full-year employees increased during the year to 23,814 (13,123), of which 8,147 (8,086) were in Sweden. At year-end, the number of employees, expressed in terms of full-year employees, was 28,657, of which 7,989 were in Sweden.

RESEARCH AND DEVELOPMENT

R&D, excluding product development, amounted to SEK 564 million (481) in 2001. R&D represents 0.9 per cent (1.5) of net sales.

PARENT COMPANY

Net sales for the parent company amounted to SEK 21,875 million (17,405). Net profit for the year was SEK 2,002 million (3,362). Investments amounted to SEK 19,275 million (14,865). Liquid assets amounted to SEK 124 million (123). Funds in the group account managed by Vattenfall Treasury AB (publ) amounted to SEK 6,978 million (5,115).

ACCOUNTING POLICIES

The consolidated accounts have been prepared in accordance with the Annual Accounts Act with the application of the Swedish Financial Accounting Standards Council's recommendations as well as the statements of the Council's Emerging Issues Group.

From the 2001 annual accounts, the following new recommendations, issued by the Swedish Financial Accounting Standards Council, are being applied: RR9 Income taxes, RR10 Work on contract and similar work, RR11 Revenue, RR12 Tangible fixed assets, RR13 Associated companies and RR14 Joint ventures.

The effect of the application of RR9 entails a change in accounting policy in accordance with the Council's recommendation RR5, whereby the consolidated balance sheet at December 31, 2000 has been re-stated to include the effect of deferred tax assets/liabilities. The effect of the re-statement is reported below under the heading "Changes in equity".

The application of other recommendations from the Council, besides RR9, does not entail any change in accounting policies compared with the previous year.

In connection with company acquisitions, a market valuation of the acquired company's assets and liabilities is made. Deferred tax on surplus values is taken into account. The remaining difference compared with the purchase price is reported as goodwill or negative goodwill. Negative goodwill concerns expected future probable losses and costs which cannot be reported as identifiable liabilities at the time of acquisition. Negative goodwill is reported as a provision in the consolidated balance sheet. The total amount of negative goodwill is SEK 18,132 million. Such negative goodwill will be dissolved as future losses and restructuring costs are incurred. In 2001, negative goodwill was dissolved by an amount of SEK 2,359 million. Negative goodwill dissolved in Germany amounted to SEK 1,856 million. Future losses and restructuring costs will be assessed on an ongoing basis.

Pension commitments in the companies acquired in Germany during 2001 largely consist of commitments defined as benefits. The pension provisions for these acquired companies have been calculated on an actuarial basis in accordance with the Projected Unit Credit Method in the International Accounting Standards (IAS 19).

DIVIDENDS

Earnings per share amounted to SEK 31.81 (22.55). The dividend is proposed to be SEK 1,030 million (990), corresponding to SEK 7.82 per share (7.52).

GENERAL MEETING OF SHAREHOLDERS ETC.

The General Meeting of Shareholders will be held on April 25, 2002. The annual report will be available at www.vattenfall.com and www.vattenfall.se on March 18, 2002. The published report will be available on April 2, 2002 (English translation April 8, 2002) and can be obtained from Vattenfall Support AB, SE-162 87 Stockholm, phone +46 8 739 65 92, fax: +46 8 739 64 44, e-mail: info@vattenfall.se.

Stockholm, February 22, 2002

Vattenfall AB (publ)

Board of Directors

Vattenfall's three-month report 2002 will be published on May 15, 2002.

SUBMITTED BY VATTENFALL'S PRESS OFFICE, PHONE +46 8 739 50 10

Please find attached condensed income statements, balance sheets and cash flow statements for the full year and for the 4th quarter.

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CONSOLIDATED INCOME STATEMENT FOR 2001 AS WELL AS FOR OCTOBER - DECEMBER 2001

SEK MILLION	Full year 2001	Full year 2000	Oct-Dec 2001	Oct-Dec 2000
Net sales	69,003	31,695	22,237	9,640
Cost of products sold	-52,408	-23,484	-15,535	-7,449
Gross profit	16,595	8,211	6,702	2,191
Selling expenses, research and development costs and administrative expenses	-9,313	-4,732	-4,022	-1,477
Other operating income and expenses – net	2,166	2,551	30	-784
Participations in the result of associated companies	511	658	954	359
Operating profit*	9,959	6,688	3,664	289
Financial income	2,232	1,037	247	476
Financial expenses	-4,737	-2,536	-1,193	-794
Profit before tax and minority shares	7,454	5,189	2,718	-29
Tax	-2,167	-1,757	-794	-296
Minority interests in profit for the period	-1,097	-462	-268	84
Net profit for the year/period	4,190	2,970	1,656	-241
<i>Return on capital employed excluding items affecting comparability, per cent</i>	8.8	6.6		
<i>Return on equity after actual tax, per cent</i>	11.8	8.9		
<i>Equity-assets ratio, per cent</i>	22.7	35.4		

* The total depreciation amounted to SEK 8,291 million (5,477).

PROFIT AREAS 2001

Net sales, SEK MILLION	Full year 2001	Full year 2000	Oct-Dec 2001	Oct-Dec 2000
Generation Nordic Countries	22,266	15,934	6,053	4,657
Market Nordic Countries	19,492	16,503	5,964	4,887
Heat Nordic Countries	2,590	1,951	817	506
Electricity Networks Nordic Countries	7,924	7,551	2,340	2,325
Services	2,938	2,832	861	894
Germany and Poland	32,752	2,495	12,436	790
Other Business	2,903	2,457	569	569
Other and eliminations*	-21,862	-18,028	-6,803	-4,988
Total	69,003	31,695	22,237	9,640

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

PROFIT AREAS 2001

Operating profit, SEK MILLION	Full year 2001	Full year 2000	Oct-Dec 2001	Oct-Dec 2000
Generation Nordic Countries	6,099	4,930	1,648	651
Market Nordic Countries	-511	634	57	255
Heat Nordic Countries	162	-63	125	3
Electricity Networks Nordic Countries	1,816	1,619	566	379
Services	187	72	46	38
Germany and Poland	3,983	418	2,160	254
Other Business	-1,730	-880	-917	-1,266
Other and eliminations	-47	-42	-21	-25
Total	9,959	6,688	3,664	289

EARNINGS PER SHARE

	2001	2000
Number of shares ('000)	131,700	131,700
Earnings per share, excluding items affecting comparability (SEK)	27,72	10,74

KEY RATIOS
(in per cent unless otherwise specified)

	2001	2000
Operating margin	14.4	21.1
Pre-tax profit margin	10.8	16.4
Return on equity	11.8	8.9
Return on capital employed, excluding items affecting comparability	8.8	6.6
Interest coverage (times)	2.6	3.1
Funds from operation (FFO) interest coverage (times)	3.8	3.3
FFO net interest coverage (times)	6.3	4.9
Equity-assets ratio	22.7	35.4
Net debt/equity (times)	0.9	1.1
FFO/interest-bearing debt	14.9	11.5
FFO/net debt	23.7	13.5
EBITDA/net financial items (times)	7.1	8.1

CONSOLIDATED BALANCE SHEET DECEMBER 31, 2001 IN SEK MILLION

	December 31, 2001	December 31, 2000
ASSETS		
<i>Fixed assets</i>		
Intangible fixed assets	2,678	2,993
Tangible fixed assets	158,984	68,089
Financial fixed assets*	53,335	19,113
Total fixed assets	214,997	90,195
Inventories	6,567	5,558
Current receivables	27,139	11,963
Liquid assets**	10,340	7,543
Total current assets	44,046	25,064
Total assets	259,043	115,259
<i>Equity, provisions and liabilities</i>		
Equity	39,578	35,374
Minority interests in equity	19,080	4,985
Provisions	90,956	13,979
Long-term interest-bearing liabilities	58,420	41,116
Other long-term liabilities	1,599	878
Current interest-bearing liabilities*	30,113	9,551
Other current liabilities	19,297	9,376
Total equity, provisions and liabilities	259,043	115,259

* Includes SEK 22,647 million in investment assets.

** Includes SEK 966 million (1,374) in investments concerning interest-arbitrage transactions with re-financing risk.

**CHANGE IN EQUITY
SEK MILLION**

	2001	2000
Equity, opening balance according to adopted balance sheet	35,120	33,347
Effect of change in accounting policy	254	–
Equity, opening balance adjusted for new accounting policy	35,374	33,347
Dividend	–990	–1,500
Change in tax rate	–	–10
Change in translation difference	1,104	313
Net profit	4,190	2,970
Closing balance	39,578	35,120

CONSOLIDATED CASH FLOW STATEMENT FOR 2001 IN SEK MILLION

	2001	2000
<i>Operating activities</i>		
Funds from operation (FFO)	13,148	5,830
Cash flow from changes in operating assets and liabilities	-2,706	301
Cash flow from operating activities	10,442	6,131
<i>Investing activities</i>		
Investments	-43,443	-23,840
Divestments	20,459	1,810
Cash flow from investing activities	-22,984	-22,030
Cash flow before financing activities	-12,542	-15,899
Contribution from minority interest	0	331
Dividend paid	-1,784	-1,580
Change in interest-bearing investment assets	3,587	0
Change in interest-bearing liabilities	4,378	19,639
Liquid assets in acquired/sold companies, net	8,918	254
Cash flow from financing activities	15,099*	18,644
Change in liquid assets	2,557	2,745

* Of which, acquired/sold interest-bearing liabilities and investment assets, net, amounted to SEK -6,567 million.

This report has been translated from the Swedish original.