

SIX-MONTH INTERIM REPORT 2002

January – June



“A dynamic and competitive Vattenfall is a guarantee for maintaining competition on the northern European power market.”

Lars G Josefsson
President and Chief Executive Officer

Comments by the Chief Executive Officer

- Net sales increased by 57 per cent to SEK 49,745 million (31,626).
- Operating profit increased by 53 per cent to SEK 7,760 million (5,063). Adjusted for items affecting comparability, operating profit increased by 70 per cent to SEK 7,345 million (4,321).
- Net profit increased by 47 per cent to SEK 3,752 million (2,544). Adjusted for items affecting comparability, net profit increased by 71 per cent to SEK 3,462 million (2,025).
- Vattenfall Europe is being formed in Germany as planned.

In the first half of 2002, the Vattenfall Group continued to report positive earnings. As a result of acquisitions in Germany, net sales increased by 57 per cent, compared with the corresponding period the previous year. We can report with satisfaction that operating profit and net profit have improved considerably during this highly expansive phase. Calculated on rolling 12-month basis, the return on net assets amounted to 10.6 per cent, adjusted for items affecting comparability 10.0 per cent. (Full year 2001:9.9 and 8.8 respectively.)

Consolidation in Germany

In Germany, the merger of Bewag, HEW, VEAG and LAUBAG into the new company, Vattenfall Europe AG, is progressing as planned.

Bewag was consolidated into the Group on February 1. Vattenfall has also reached an agreement with the City of Hamburg to acquire its 25.1 per cent ownership stake in HEW. This transaction will conclude an option agreement made in 1999. The transfer of shares is expected to occur after HEW's general meeting of shareholders in August.

The City of Hamburg has also granted permission for the restructuring measures required to build Vattenfall Europe AG, on condition that certain activities remain in Hamburg. The agreements with the City of Hamburg will pave the

way for all necessary structural changes in Germany for the formation of Vattenfall Europe.

Four of Vattenfall Europe's business units, Mining & Generation, Transmission, Trading and Sales have been formally founded. On July 1, the energy trading operations in Bewag, VEAG and Nordic Powerhouse merged into a single unit which will be called Vattenfall Europe Trading.

VEAG's over 10,000 MW in production assets, together with LAUBAG's mining operations and HEW's nuclear power operations, are being co-ordinated in the Mining & Generation unit.

The Vattenfall Symposium in Berlin in May was important for the launching of Vattenfall Europe onto the German market. The German Federal Chancellor participated and in his speech, he underlined the significance of the northern European energy co-operation and emphasised Vattenfall's importance for credible and effective competition on the German electricity market and for employment in eastern Germany.

A More Distinct Profile in Denmark

In Denmark, Vattenfall sold its shares in NES A/S. The increase in share value has been substantial.

Vattenfall decided to change the name of its

wholly-owned Danish company, Ström A/S, to Vattenfall Danmark A/S. This signals our intention to continue to be a player on the Danish market and to utilise Vattenfall's brand name and credibility on the Danish market, where we are now focusing on major customers.

Avedøre 2, one of the world's most energy-efficient and environmentally acceptable CHP plants, has been inaugurated. Vattenfall owns 40 per cent of the plant, while the Danish company, Energi E2, is a majority shareholder with a 60 per cent stake.

Market Development

During the first half of the year, the electricity prices on the Nordic market have been lower than the previous year, as a result of a mild winter and an abundant water supply in the reservoirs. Through hedging, the fall in prices have had only a marginal effect on financial performance. The price of heat in Sweden has improved. Vattenfall has a strong position in the end-customer market, both with respect to corporate and retail customers.

On the German market, the electricity prices during the first half of the year have remained at the same level, or at a somewhat higher level, compared with the previous year. The price of heat is largely unchanged.

Demand for Power

The power capacity situation on the Swedish market has come into focus in recent years. One reason is that the production overcapacity in the Nordic countries has been reduced as a result of deregulation. The risk of a power capacity shortage can arise on an exceptionally cold winter day. This problem will be resolved on market-adapted terms. The public utility which owns and operates the national grid, Svenska Kraftnät, is responsible for resolving this issue and it is currently investigating the problem. Vattenfall is working actively to participate in such a solution to the power capacity issue. In Vattenfall's opinion, there is an adequate supply of energy on the Nordic market and, thereby, no risk of an energy shortage.

Investment in Refuse Incinerator

Vattenfall's Board of Directors has decided to invest about one billion kronor in a facility for the large-scale incineration of separated refuse (refuse-derived fuel) in Uppsala. The facility will be equipped with an advanced cleaning system to comply with stringent environmental requirements. This major undertaking will consolidate Uppsala's position as a competence centre for Swedish district-heating and related environmental issues.

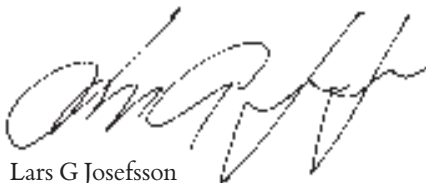
The Government's Energy Bill

Nuclear power is an important part of our business and we believe that a long-term focus, predictability and market-neutral regulations are important. In the energy bill, the Government has taken the initiative to start discussions on the reformation of the Swedish energy system. The Government has also appointed Bo Bylund, Director-General of Banverket (the public utility responsible for rail traffic in Sweden) to negotiate with the nuclear power industry.

Vattenfall's intention is to participate in discussions on future energy production in Sweden and on a reliable energy supply. An agreement can create commercially viable conditions for continued operation throughout the economic lifetime of the facilities.

Summary

As a result of the stable operations within Generation Nordic Countries, a strong improvement in financial performance within Market Nordic Countries, the winding up of New Business and the consolidation in Germany, which is in progress as planned, Vattenfall has achieved a satisfactory result. We are now well on the way to realising our vision of becoming a leading European energy company.



Lars G Josefsson
President and Chief Executive Officer

SUMMARY OF VATTENFALL'S FINANCIAL PERFORMANCE

SEK million	January – June		Change %
	2002	2001	
Net sales	49,745	31,626	57.3
Operating profit (EBIT)	7,760	5,063	53.3
Operating profit excluding items affecting comparability	7,345	4,321	70.0
Funds from Operation (FFO)	7,985	6,318	26.4
Financial items, net	-1,746	-707	-147.0
Profit before tax and minority interests	6,014	4,356	38.1
Net profit for the period	3,752	2,544	47.5
Return on net assets, excluding items affecting comparability*	10.0	8.8	

Vattenfall's financial performance varies considerably during the year. A substantial portion of income for the year is normally generated during the first and fourth quarter of the year, when electricity and heat demand is greatest, which means that the margins for the first quarter are high compared with the margins for the year as a whole.

* Concerns the period of July 2001 – June 2002 as well as the whole of 2001.

Electricity Balance January – June 2002 (TWh)

Output	
Sweden	21.5
Norway	0.6
Finland	3.2
Denmark	0.5
Germany	56.5
Other countries	19.1
Spot market	17.0
Total electricity sales	118.4
Delivered to minority shareholders	8.9
Other	0.6
Total	127.9
Input	
Internal generation	
Hydro power	19.5
Nuclear power	28.0
Fossil and wind power	34.1
Total internal generation	81.6
Total purchased	45.5
Spot market	4.8
Total electricity input	131.9
Utilised in the Group	-4.0
Total	127.9

GROUP

Sales and Performance, First Half of 2002

Net sales increased by 57.3 per cent or SEK 18,119 million to SEK 49,745 million.

The increase in net sales is entirely due to the expansion of the German business, compared with the corresponding period the previous year. VEAG and LAUBAG were only consolidated from the third quarter of 2001. Bewag, which conducts electricity and heat sales in Berlin, was consolidated from February 1, 2002. Bewag's net sales outside the Group during the period amounted to SEK 8,028 million. During the period, VEAG's net sales outside the Group amounted to SEK 12,305 million and, LAUBAG, whose business mainly comprises coal sales to VEAG, had SEK 518 million in net sales outside the Group.

Operating expenses amounted to SEK 43,200 million, which is an increase of SEK 15,339 million which is primarily attributable to companies acquired in Germany. The cost of products sold increased by SEK 13,905 million, while the selling expenses, research and development costs and administrative expenses increased by SEK 1,434 million. Depreciation amounted to SEK 5,794 million net (3,263).

Operating profit increased by SEK 2,697 million to SEK 7,760 million (5,063). Operating profit

includes items affecting comparability in the form of SEK 415 million (742) in net capital gains and losses.

Financial income and expenses net amounted to SEK -1,746 million (-707). This development can largely be explained by an increase in debt as a result of the German acquisitions.

Interest coverage was 3.0 times (2.7), adjusted for items affecting comparability.

Profit before tax and minority interests increased by SEK 1,658 million to SEK 6,014 million (4,356) and net profit increased by SEK 1,208 million to SEK 3,752 million (2,544). Adjusted for items affecting comparability, the pre-tax profit margin was 11.3 per cent (11.4).

Calculated on a rolling 12-month basis, the return on equity amounted to 14.2 per cent, adjusted for items affecting comparability, 12.7 per cent. (Full year 2001: 11.8 and 10.3 respectively.)

Financial Position

Liquid assets amounted to SEK 25,256 million (December 31, 2001: 10,340). The amount includes SEK 17,475 million as well as SEK 377 million, which were previously reported as financial fixed assets and current receivables, respectively.

Net debt, namely interest-bearing debt and provisions minus liquid assets and SEK 4,493

million in interest-bearing investment assets, amounted to SEK 72,069 million (December 31, 2001: 55,736). At March 31, 2002, the corresponding net debt amounted to SEK 74,370 million.

Equity amounted to SEK 41,192 million, which is an increase of SEK 1,614 million since year-end 2001. The equity-assets ratio amounted to 21.9 per cent (December 31, 2001: 22.7).

Since the rating agencies removed Vattenfall from their watchlists in February 2001, no rating changes have occurred. Vattenfall's current rating is A3/P-2 (Moody's) and A-/-2 (Standard & Poor's) – in both cases with "Outlook" negative.

Investments

The Group's investments amounted to SEK 26,940 million (33,719), of which growth investments, namely company acquisitions and expansion investments in fixed assets, amounted to SEK 21,121 million. Company acquisitions amounted to SEK 20,055 million, of which acquisitions of group companies amounted to SEK 17,444 million (29,221), associated companies SEK 1,023 million (2,153) and other long-term securities, SEK 1,588 million (83). SEK 6,885 million (2,262) was invested in tangible and intangible assets.

Structural Changes

During the second quarter, an agreement was reached with the City of Hamburg whereby Vattenfall will take over its ownership stake in Hamburgische Electricitäts-Werke AG (HEW), corresponding to 25.1 per cent of the shares. The transfer of shares is expected to occur after HEW's general meeting of shareholders in August. The City of Hamburg guarantees its consent to the restructuring measures in connection with the formation of Vattenfall Europe AG in exchange for which certain operations will remain in Hamburg. In Poland, the ownership stake in Elektrociepłownia Warszawskie (EW) increased from 55 to 68.9 per cent in April, through the acquisition of shares from the personnel.

Furthermore, during the quarter, Vattenfall sold its ownership stake in the Norwegian power company, Hafslund ASA, corresponding to 5.8 per cent of the votes, to Sydkraft.

In Denmark, Vattenfall sold its ownership stake in NESAs, 11.5 per cent to DONG (Dansk Olje og Naturgas). The sale resulted in a capital gain of SEK 431 million. In Sweden, Vattenfall sold Nässtö CHP plant to the municipality. Furthermore, agreements have been signed to acquire the remaining stake in Härjedalens Mineral AB from the Härjedalen municipality.

Personnel

At the end of June, the number of employees, expressed as employee years amounted to 34,200 (December 31, 2001: 28,657). The number of employees outside Sweden was 26,104 (December 31, 2001: 20,668).

Power and Heat Sales

Electricity sales for the Group totalled 127.9 TWh, of which Germany accounted for 56.5 TWh, the Nordic countries for 25.8 TWh, Poland for 1.8 TWh and other countries for 17.3 TWh. Of Vattenfall's own electricity generation of 81.6 TWh, 24 per cent was hydro power, 34 per cent was nuclear power and 42 per cent was fossil power. Heat sales amounted to a total of 17.0 TWh, of which Germany accounted for 6.8 TWh, the Nordic countries for 4.0 TWh and Poland for 6.2 TWh.

PROFIT AREAS

Generation Nordic Countries

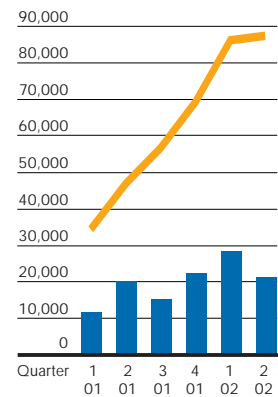
Net sales increased by SEK 1,271 million to SEK 10,132 million. Operating profit declined somewhat to SEK 3,200 million (3,370). Not including items affecting comparability, operating profit increased by SEK 39 million.

Market Nordic Countries

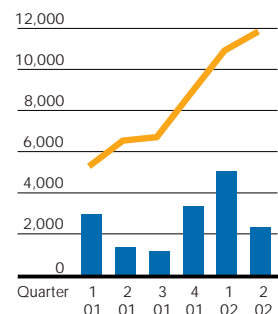
Market Nordic Countries comprises the following business units: Sales Sweden, Sales Finland, Mega and Supply & Trading.

Net sales, excluding Nordic Powerhouse, amounted to SEK 7,982 million (9,301). Operating profit increased by SEK 898 million to SEK 259 million (-639). The major increase was primarily due to improved efficiency and results in Swedish power trading. From July 1, 2002 profit responsibility for Nordic Powerhouse was transferred to the unit for Germany.

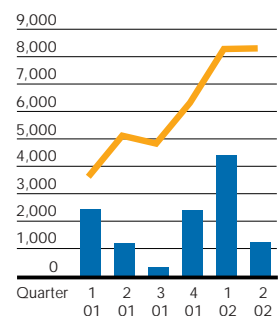
Net sales (SEK m)



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



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



— Rolling 12-month value
■ Quarterly values

Heat Nordic Countries

Net sales decreased by SEK 57 million to SEK 1,404 million (1,461). On the other hand, operating profit increased by SEK 64 million to SEK 217 million. The relatively mild weather during the first half of the year has resulted in lower sales than expected. However, results improved through increased cost-efficiency, amended tax regulations for biofuel-based energy production and favourable prices.

Electricity Networks Nordic Countries

Electricity Networks Nordic Countries comprises the Electricity Networks Sweden and Electricity Networks Finland business units.

Net sales amounted to SEK 3,998 million (4,133). Operating profit declined by SEK 90 million to SEK 1,153 million (1,243). Operating profit, not including items affecting comparability, decreased by SEK 59 million. The volume distributed to network customers amounted to 48.7 TWh (50.6).

Services

Net sales declined by SEK 18 million to SEK 1,366 million. Profitability was satisfactory and operating profit increased by SEK 4 million to SEK 51 million.

Germany and Poland

Net sales, including Nordic Powerhouse, amounted to SEK 32,561 million (13,221). Operating profit increased by SEK 1,810 million to SEK 2,843 million. The increase is due to the fact that VEAG and LAUBAG were consolidated from the third quarter of 2001 as well as the fact that Bewag was included in the Group from February 1, 2002. The work on forming Vattenfall Europe AG, with a business structure based on the value chain, is in progress as planned. A slightly positive operating result is reported by the business in Poland.

Other Business

Other Business comprises service companies and other non-core business activities as well as group overhead. Net sales amounted to SEK 801 million (2,060) and operating profit to SEK 59 million (-124). Adjusted for items

affecting comparability, operating profit amounted to SEK -394 million (-635).

PARENT COMPANY

Net sales amounted to SEK 10,246 million (10,070). Profit after financial items amounted to SEK 2,517 million (-450). Investments during the period amounted to SEK 1,232 million. Liquid assets amounted to SEK 76 million (December 31, 2001: 124). Funds in the group cash pool managed by Vattenfall Treasury AB amounted to SEK 14,815 million (December 31, 2001: 6,760).

ACCOUNTING POLICIES

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

When preparing this report, Vattenfall applied the accounting policies specified under the heading of "Accounting Policies and Valuation Principles" on page 38 of Vattenfall's Annual Report 2001.

The new recommendations issued by the Council which entered into force on January 1, 2002, did not entail any change in Vattenfall's accounting policies.

Investment assets in German companies which, at December 31, 2001, were reported under Current receivables (SEK 377 million) as well as under Other long-term securities held (SEK 17,475 million) were reclassified at June 30, 2002 as Short-term investments, included in Liquid assets.

Negative goodwill concerns expected future losses and expenses and is reported as a provision on the consolidated balance sheet. Negative goodwill, which concerns Vattenfall's acquisitions in Germany, amounted to SEK 16,546 million at June 30, 2002. During the first half of 2002, SEK 2,320 million of this negative goodwill was dissolved in the gross profit. Planned future losses and expenses are continuously being followed up and this negative goodwill will be dissolved as such losses and restructuring costs arise.

Stockholm, August 14, 2002

Lars G Josefsson

President and Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	January – June		April – June		Full year 2001
	2002	2001	2002	2001	
Net sales	49,745	31,626	21,300	20,067	69,003
Cost of products sold	-38,024*	-24,119*	-17,053	-16,415	-52,408*
Gross profit	11,721	7,507	4,247	3,652	16,595
Selling expenses, research and development costs and administrative expenses	-5,176**	-3,742**	-2,460	-2,567	-9,313**
Other operating income and expenses – net	991	1,221	887	809	2,166
Participations in the result of associated companies	224	77	-17	-171	511
Operating profit (EBIT)	7,760	5,063	2,657	1,723	9,959
Financial income	1,105	1,396	629	1,143	2,232
Financial expenses	-2,851	-2,103	-1,716	-1,324	-4,737
Profit before tax and minority interests	6,014	4,356	1,570	1,542	7,454
Tax	-1,643	-1,307	-177	-463	-2,167
Minority interests in profit for the period	-619	-505	42	-519	-1,097
Net profit for the period	3,752	2,544	1,435	560	4,190
Items affecting comparability, before tax	415	742	361	357	1,137
Financial items, net	-1,746	-707	-1,087	-181	-2,505

* Of which, depreciation net, SEK 5,598 million (3,173 and 7,835, respectively). ** Of which, depreciation SEK 196 million (90 and 456, respectively).

PROFIT AREAS

Amounts in SEK million	Net sales					Operating profit (EBIT)				
	January – June		April – June		Full year 2001	January – June		April – June		Full year 2001
	2002	2001	2002	2001		2002	2001	2002	2001	
Generation Nordic Countries	10,132	11,403	4,510	5,972	22,266	3,200	3,370	1,190	1,095	6,099
Market Nordic Countries**	7,982	9,301	3,560	4,430	19,492	259	-639	158	-471	-511
Heat Nordic Countries	1,404	1,461	484	549	2,590	217	153	3	0	162
Electricity Networks										
Nordic Countries	3,998	4,133	1,453	1,553	7,924	1,153	1,243	90	168	1,816
Services	1,366	1,384	736	724	2,938	51	47	26	27	187
Germany and Poland**	32,561	13,222	16,234	12,168	32,752	2,843	1,033	962	818	3,983
Other Business	801	2,060	419	937	2,903	59	-124	239	98	-1,730
Other and eliminations*	-8,499	-11,338	-6,096	-6,266	-21,862	-22	-20	-11	-12	-47
Total	49,745	31,626	21,300	20,067	69,003	7,760	5,063	2,657	1,723	9,959

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

** Net Sales in Nordic Powerhouse which, in the three-month interim-report 2002, were reported under "Market Nordic Countries" have retroactively been reported under "Germany and Poland".

Amounts in SEK million	Operating profit (EBIT) excl. items affecting comparability				
	January – June		April – June		Full year 2001
	2002	2001	2002	2001	
Generation Nordic Countries	3,200	3,161	1,190	1,135	5,983
Market Nordic Countries	259	-627	158	-459	-472
Heat Nordic Countries	215	150	1	-3	129
Electricity Networks Nordic Countries	1,154	1,213	87	141	1,783
Services	50	46	26	26	151
Germany and Poland	2,883	1,033	1,062	818	3,584
Other Business	-394	-635	-215	-280	-2,290
Other and eliminations*	-22	-20	-13	-12	-46
Total	7,345	4,321	2,296	1,366	8,822

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

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	June 30 2002	June 30 2001	Dec 31 2001
Assets			
Fixed assets			
Intangible fixed assets	7,202	4,287	2,678
Tangible fixed assets	185,949	86,625	158,984
Financial fixed assets	32,794	59,032	53,335
Total fixed assets	225,945	149,944	214,997
Current assets			
Inventories	7,080	5,736	6,567
Current receivables	29,968	20,736	27,139
Liquid assets*	25,256	9,197	10,340
Total current assets	62,304	35,669	44,046
Total assets	288,249	185,613	259,043
Equity, provisions and liabilities			
Equity	41,192	38,049	39,578
Minority interests in equity	21,801	14,307	19,080
Provisions**	100,231	45,288	90,956
Long-term interest-bearing liabilities	66,533	47,864	58,420
Other long-term liabilities	1,180	705	1,599
Current interest-bearing liabilities*	34,970	26,920	30,113
Other current liabilities	22,342	12,480	19,297
Total equity, provisions and liabilities	288,249	185,613	259,043
Pledged assets	306	925	285
Contingent liabilities	11,070	7,209	10,733
* Includes SEK 960 million (1,239 and 966, respectively), in interest-arbitrage transactions.			
** Of which, SEK 315 million (319 and 190, respectively) in interest-bearing provisions.			
Net assets at balance sheet date	131,523	103,462	110,062
Net assets, weighted average value, July 2001-June 2002	119,017		
Net debt	72,069	48,690	55,736

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	January – June		Full year
	2002	2001	2001
Operating activities			
Funds from operation (FFO)	7,985	6,318	13,148
Cash flow from changes in operating assets and liabilities	2,339	665	-2,706
Cash flow from operating activities	10,324	6,983	10,442
Investing activities			
Investments	-26,940	-33,719	-43,443
Divestments	1,991	13,773	20,459
Cash flow from investing activities	-24,949	-19,946	-22,984
Cash flow before financing activities	-14,625	-12,963	-12,542
Financing activities			
Acquired/sold liquid assets and interest-bearing debt, net	-1,375	9,803	2,351
Dividend paid	-1,126	-1,779	-1,784
Cash flow after dividend*	-17,126	-4,939	-11,975
Net borrowing at the beginning of the period	-55,736	-43,311	-43,311
Cash flow after dividend	-17,126	-4,939	-11,975
Translation differences from net borrowing	793	-440	-450
Net borrowing at the end of the period	-72,069	-48,690	-55,736

* Supplementary disclosure

Cash flow after dividend	-17,126	-4,939	-11,975
Change in interest-bearing receivables and liabilities, net	14,600	6,470	14,532
Translation differences	-410	123	240
Reclassification of investment assets to liquid assets	17,852		
Change in liquid assets	14,916	1,654	2,797

CHANGE IN EQUITY

Amounts in SEK million	January – June 2002	January – June 2001
Opening balance of equity according to balance sheet adopted	39,578	35,120
Effect of change in accounting policy*	–	254
Opening balance of equity adjusted for new accounting policy	39,578	35,374
Dividend	–1,030	–990
Translation difference	–1,108	1,121
Net profit for the period	3,752	2,544
Closing balance	41,192	38,049

* Adaptation to the Swedish Financial Accounting Standards Council's recommendation no. 9.

EARNINGS PER SHARE

	January – June		Full year
	2002	2001	2001
Number of shares ('000)	131,700	131,700	131,700
Earnings per share (SEK)	28.49	19.32	31.82

KEY RATIOS

(in per cent unless otherwise specified)

	July 2001 – June 2002	Full year 2001
Return on net assets	10.6	9.9
Return on net assets, excluding items affecting comparability	10.0	8.8
Return on equity	14.2	11.8
Return on equity, excluding items affecting comparability	12.7	10.3

	January – June 2002	January – June 2001
Operating margin	15.6	16.0
Operating margin, excluding items affecting comparability	14.8	13.7
Pre-tax profit margin	12.1	13.8
Pre-tax profit margin, excluding items affecting comparability	11.3	11.4
Interest coverage (times)	3.1	3.1
Interest coverage, excluding items affecting comparability (times)	3.0	2.7
FFO interest coverage (times)	3.8	4.0
FFO net interest coverage (times)	5.6	9.9
Equity-assets ratio	21.9	28.4
Net debt/equity (times)	1.1	0.9
FFO/interest-bearing debt and provisions	7.8	8.4
FFO/net debt	11.1	13.0
EBITDA/net financial items (times)	7.8	11.8
EBITDA/net financial items excl. items affecting comparability (times)	7.5	10.7

DEFINITIONS

Operating margin (per cent): EBIT 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: EBIT in relation to a weighted average of the balance sheets for the period minus non-interest-bearing liabilities and provisions, interest-bearing receivables and liquid assets.

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

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

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

Equity-assets ratio (per cent): Equity plus minority interests in equity in relation to the balance sheet total at the end of the year minus interest-arbitrage transactions.

Net debt/equity (times): Interest-bearing debt and provisions minus investment assets and liquid assets in relation to equity plus minority interests in equity.

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

FFO/net debt (per cent): FFO in relation to interest-bearing debt and provisions minus investment assets and liquid assets.

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

Review Report

We have reviewed this six-month interim report in accordance with the recommendation issued by FAR.

A review is substantially less comprehensive in scope than an audit.

During our review, nothing has come to our attention to indicate that the six-month interim report does not satisfy the requirements of the Swedish Annual Accounts Act.

Stockholm, August 14, 2002

*Ernst & Young AB
Lars Träff
Authorised Public Accountant*

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Authorised Public Accountant
National Audit Bureau*

This report has been translated from the Swedish original.

Vattenfall's nine-month interim report 2002 will be published on November 13, 2002.

