

- Net sales increased by 13% to SEK 91,878 million (80,961)
- Operating profit, excluding items affecting comparability, increased by 22% to SEK 17,480 million (14,326)
- Net profit after tax increased by 39% to SEK 10,343 million (7,432)
- Operating profit, excluding items affecting comparability, for the third quarter increased by 25% to SEK 3,276 million (2,621)

The Żerań combined heat and power plant in Warsaw, Poland.

Capacity: 1,554 MW (heat), 298 MW (electricity).

Lars G Josefsson
President and Chief Executive Officer



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CONTINUED STRONG EARNINGS

Vattenfall's results for the first nine months of the year show a continued strong earnings ability. Compared with the equivalent period in 2004, operating profit increased by 31 per cent to SEK 17,466 million (13,322), and excluding items affecting comparability by 22 per cent to SEK 17,480 million (14,326). In the third quarter operating profit increased by 58 per cent to SEK 3,266 million (2,062), and excluding items affecting comparability by 25 per cent to SEK 3,276 million (2,621). The increase is mostly due to higher electricity market prices in Germany, increased hydro power generation in Sweden and improved hedging outcomes. Net sales increased by 13.5 per cent the first nine months, closing at SEK 91,878 million (80,961), with the increase primarily attributable to Germany. Net sales for the third quarter increased by 15 per cent to SEK 27,550 million (23,890), the increase almost entirely attributable to Germany.

Return on equity was 17.6 per cent on a rolling twelve-month basis while return on net assets was 15.0 per cent, in both cases excluding items affecting comparability. As a result of the new International Financial Reporting Standards (IFRS) adopted by Vattenfall as of this year, Vattenfall's reported equity has increased considerably, leading to a lower return on equity. The interest coverage ratio, excluding items affecting comparability, improved to 6.0 on a rolling twelve-month basis. Net debt decreased by SEK 4,507 million during the third quarter, to SEK 63,800 million. On 31 December 2004 net debt amounted to SEK 55,411 million. Net debt increased during the first half of the year due to share acquisitions in Denmark and the distribution of a large dividend to the Swedish state. The net debt/equity ratio was 0.79 on 30 September, compared with 0.67 on 31 December 2004.

Vattenfall's total electricity generation increased marginally during the period January–September to 122.6 TWh, compared with 121.3 TWh for the equivalent period in 2004. Hydro power generation, on the other hand, increased by nearly 21 per cent to 29.1 TWh (24.1 TWh), the result of good water supply. Nuclear power and fossil-based

power dropped somewhat. Heat production increased marginally to 23.2 TWh (22.9). The third quarter saw only minor changes in electricity generation while heat production in Germany was higher than in the equivalent period in 2004.

IMPORTANT EVENTS IN THE THIRD QUARTER

Squeeze-out of minority shares in Germany

In August, Vattenfall announced that the shareholding in the listed German subsidiary Vattenfall Europe AG exceeds 95 per cent and that we have requested that the Management Board prepare a so-called squeeze out of the remaining minor shareholders. The takeover of the remaining shares will finalise a process begun in November 1999 with the acquisition of 25.1 percent of HEW AG. We are emphasising the fact that our involvement in Germany is long-term and that we are committed to creating stable conditions for continued growth in the European energy market.

New energy industry act in Germany

On 13 July the new German energy industry act (EnWG) came into force. As a result, the new German network regulator, Bundesnetzagentur, can begin its task. Initially, all tariff changes must be approved by the network regulator (so-called ex-ante cost-plus regulation). Transition to an incentive-based regulatory model is planned for 2007. We assume that the industry will be involved in the formulation of the new model.

Intensive debate on electricity market

At present there is an ongoing debate throughout Europe on whether deregulation of the electricity market has been a success. Over the past decade, average prices for industrial customers in Europe have decreased by about 16 per cent in real monetary value. Over the past two years, however, the trend has turned upwards. It is important to understand the factors behind electricity price trends.

Electricity price trends cannot be considered in isolation, country-by-country, rather they must be

compared side-by-side with the trends in all European countries. The electricity market is now a European market, even if transmission capacity, the degree of deregulation and regional differences mean that certain price differences remain. The overall trend is for price differences to even out, with a tendency towards the formation of larger regions with similar pricing levels. Before deregulation, Nordic electricity prices were primarily determined by the availability of water, the so-called hydrological balance. This is still the most important factor, but the introduction of European trade in emission allowances means that Nordic prices now tend to vary in unison with continental prices.

The introduction of trading in carbon dioxide emission allowances is the result of political decisions aimed at burdening electricity generation that causes such emissions with the associated costs. As such, this provides an economic incentive for increased investments in generation with lower carbon dioxide emissions.

The conclusion, after nine months, is that trade in emission allowances functions as intended, but that prices have been higher than most analysts expected. High oil and gas prices have led to increased use of coal in electricity generation. This has increased demand for emission allowances, leading to higher prices for emission allowances and, consequently, higher electricity prices. The emission allowances market is, however, still in its early stages and the number of players is limited.

As more players become involved in the selling of emission allowances, prices may be moderated and could stabilise. There is, however, considerable uncertainty as to which regulations will apply to the next trading period, 2008–2012.

Long-term agreements with basic industries

Power-intensive industries have been critical of energy policies, electricity markets and electricity prices. We at Vattenfall fully understand the value of a long-term and stable energy supply and have signed several major agreements during the year, with clients such as the Swedish forestry companies Holmen and Stora Enso. In the third quarter we

signed a long-term agreement on electricity supply with the paper and hygiene group SCA, one of the three largest electricity consumers in Sweden. The agreement means that, starting this October, SCA will purchase about 1.3 TWh of electricity annually from Vattenfall over an eight-year period. We have worked hard to meet the requirements of the power-intensive industries and are pleased with the confidence these industries have shown in us. One can note that electricity prices for power-intensive industries in Sweden are among the lowest in Europe. Prices in Germany are higher than those in Sweden, but on a par with the rest of Europe.

Increased energy taxes in Sweden

On 22 September, the Swedish government published a bill that affects Vattenfall in several ways. For Vattenfall, the proposal entails increased annual taxes of about SEK 1.5 billion due to increased nuclear power tax and increased property tax on hydro power. A tax on waste incineration is also proposed, which would increase heat production costs by some SEK 160 million annually. Such taxes will entail drastically reduced profitability on our investments, such as our inaugurated heat production plant in Uppsala, Sweden, built in accordance with the strictest environmental standards. The tax on waste incineration corresponds to 20 per cent of the district heating cost for end-customers.

As we see it, the problem is not just increased cost levels, but that our industry and our customers need stable, long-term conditions to be able to meet the need for major investments and sustainable resources. We find it most contradictory to first provide an incentive for emissions-free electricity generation with an emission allowances trading system only to then burden such generation with increased taxes.



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-Sept 2005	January-Sept 2004	Change %	Latest 12 months
Net sales	91,878	80,961	13.5	124,283
Operating profit before depreciation (EBITDA)	28,359	23,954	18.4	36,791
Operating profit (EBIT)	17,466	13,322	31.1	21,256
Operating profit excl items affecting comparability	17,480	14,326	22.0	22,481
Financial items, net	-1,820	-2,349	22.5	-1,969
Profit before tax	15,646	10,973	42.6	19,287
Profit for the period	10,343	7,432	39.2	12,515
- Of which attributable to equity holders of the Parent Company	9,791	7,040	39.1	11,695
- Of which attributable to minority interests	552	392	40.8	820
Return on equity excl items affecting comparability	-	-	-	17.6
Return on net assets excl items affecting comparability	-	-	-	15.0
Funds from operations (FFO)	18,712	17,522	6.8	25,492
Cash flow before financing activities	736	11,583	-93.6	2,625
Free cash flow	13,685	14,132	-3.2	15,237
Cash and cash equivalents plus short-term investments	16,815	15,868	6.0	-
Balance sheet total	322,720	289,732	11.4	-
Equity incl minority interests	80,497	80,260	0.3	-
Capital Securities	9,176	-	-	-
Other interest-bearing liabilities	71,745	77,703	-7.7	-
Net debt	63,800	57,850	10.3	-

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 22 for definitions.

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

NET SALES, FINANCIAL PERFORMANCE AND CASH FLOW

Net sales	▲	91,878	80,961	13.5
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Comments:

Sales increased primarily as a result of higher electricity wholesale prices in Germany and somewhat higher sales volumes in the Nordic countries and Poland.

Cost of products sold	▲	66,645	59,303	12.4
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Comments:

The increase in costs is mainly due to increased costs for electricity and fuel purchases.

EBIT	▲	17,466	13,322	31.1
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Operating profit excl items affecting comparability	▲	17,480	14,326	22.0
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Comments:

The improvement in financial performance is primarily attributable to Germany. The Nordic countries and Poland also report improved operating profits. The improvement in Poland, however, is mainly due to exchange rate fluctuations. Operating profit excluding items affecting comparability for 2004 excludes restructuring costs in Germany of SEK 1,514 million.

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

Cash flow from operating activities	▲	20,180	19,186	5.2
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Free cash flow ¹	▼	13,685	14,132	-3.2
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Cash flow before financing activities	▼	736	11,583	-93.6
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¹ Cash flow from operating activities minus maintenance investments.

Comments:

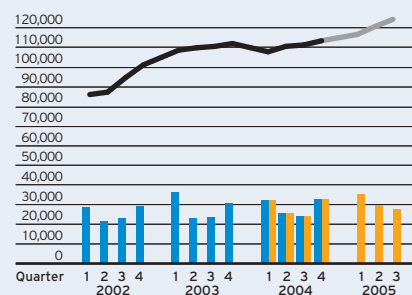
Cash flow from operating activities increased as a result of an increase in funds from operations (FFO) and positive growth in working capital, mostly due to reduced accounts receivable in Germany. Higher tax payments in 2005 compared with 2004 have, however, limited the improvement. Free cash flow decreased due to higher maintenance investments. In the third quarter free cash flow improved considerably compared with the equivalent period in 2004. The lower cash flow before financing activities is explained by higher growth investments, primarily the acquisition of shares in the Danish company Elsam.

Financial items, net	▲	-1 820	-2 349	22.5
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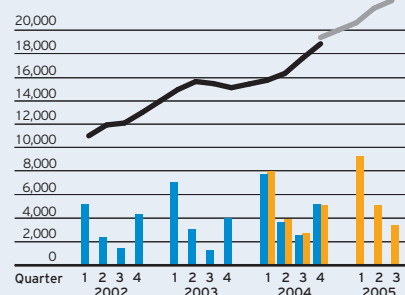
Comments:

Net interest items for the first nine months amounted to an average of SEK -153 million a month (-189). Interest income totalled SEK 610 million (737) and interest expense totalled SEK 1,983 million (2,438). The lower interest expense is attributable to reduced average debt volumes and interest rates. Interest received and paid amounted to 548 (879) and 1,853 (2,635) respectively. Net financial items improved by SEK 530 million.

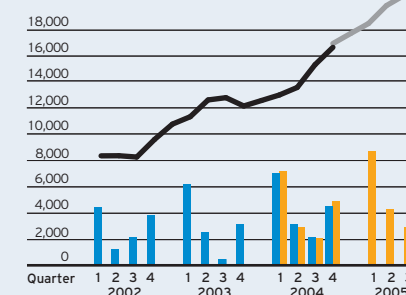
Net sales (SEK m)



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) 30 Sept 2005 31 December 2004 Change %

FINANCIAL POSITION

Cash and cash equivalents plus short-term investments	▲	16,815	13,616	23.5
Committed credit facilities (unused)	▲	15,704	5,606	180.1
Uncommitted credit facilities (unused)	▲	10,215	8,192	24.7

Comments:

Committed credit facilities comprise a five-year Revolving Credit Facility of EUR 600 million payable on maturity in December 2009, 364-day credit facilities totalling EUR 1,260 million payable on maturity in April 2006 and a bank overdraft facility of SEK 200 million.

Net debt ¹	▲	63,800	55,411	15.1
Average fixed rate term (duration, years) ^{1,2}	▲	3.3	2.0	-
Average maturity ^{1,2}	▼	6.5	6.7	-

¹ Excluding Capital Securities of 9,176 SEK million net debt totals 54,624 SEK million, average duration was 2.5 years and average maturity was 5.9 years. These figures refer to 30 September 2005.

² Excluding loans from associated companies and minority owners

Comments:

Net debt, including Capital Securities, increased by SEK 8.4 billion to SEK 63.8 billion compared with year-end. Compared with 30 June 2005, net debt was reduced by SEK 4.5 billion. Since year-end, total interest-bearing debt, including capital securities, has increased by SEK 7.9 billion to total SEK 80.9 billion. Compared with 30 June 2005, total interest-bearing debt was reduced by SEK 6.4 billion. The average remaining maturity in borrowings decreased to 6.5 years compared with year-end (6.7) due to the short-term financing of the acquisition of shares in the Danish company Elsam.

No change was seen in Vattenfall's credit ratings during the third quarter. The current rating is A-/A-2 from Standard & Poor's and A2/P-1 from Moody's, both with a positive outlook.

Amounts in SEK millions (all figures according to IFRS) 30 Sept 2005 31 December 2004 Change %

Equity attributable to

Equity holders of the parent	▼	70,888	72,994	-2.9
Minority interests	▼	9,609	10,114	-5.0
Total	▼	80,497	83,108	-3.1

Comments:

Changes in equity are specified on page 17.

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

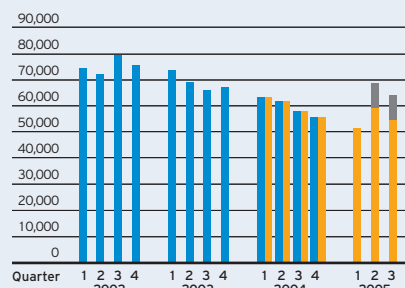
INVESTMENTS

Maintenance investments	▲	6,495	5,054	28.5
Growth investments	▲	13,273	3,631	265.5
– of which shares	▲	11,644	2,217	425.2
Total investments	▲	19,768	8,685	127.6

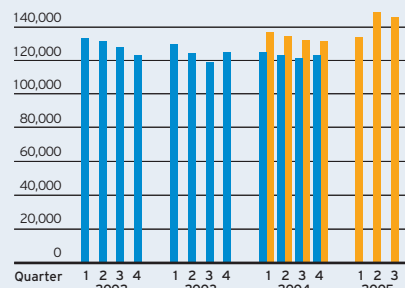
Comments:

The substantial increase is chiefly due to the acquisition of 35.3 per cent of the shares in the Danish company Elsam. According to an agreement with the Danish company Dong, these shares will be exchanged for power assets. This is expected to take place during the first quarter of 2006 (see page 11 under the heading "Elsam, Denmark").

Net debt (SEK m)

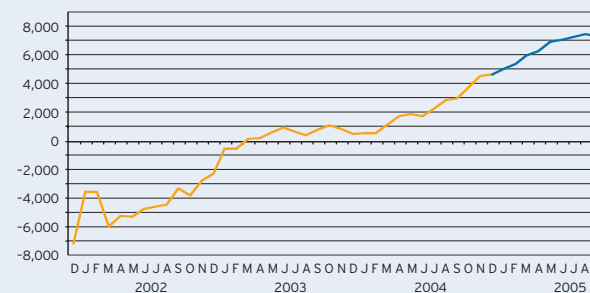


Net assets (SEK m)



Value creation (SEK m)

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



	30 Sept 2005	30 Sept 2004	Average 2004
PERSONEL (numbers of employees, expressed as full-time equivalents)			
Nordic Countries	▲ 8,934	8,784	8,744
Germany	▼ 20,324	20,987	20,864
Poland	▼ 3,073	3,242	3,309
Other countries	▼ 97	103	100
Total	▼ 32,428	33,116	33,017

Comments:

The reductions in Poland and Germany are the result of rationalisation initiatives. The increase in the Nordic Countries is explained by the extensive investment programmes for the maintenance of our generation plants and newly acquired operations in the Services Nordic Countries business unit.

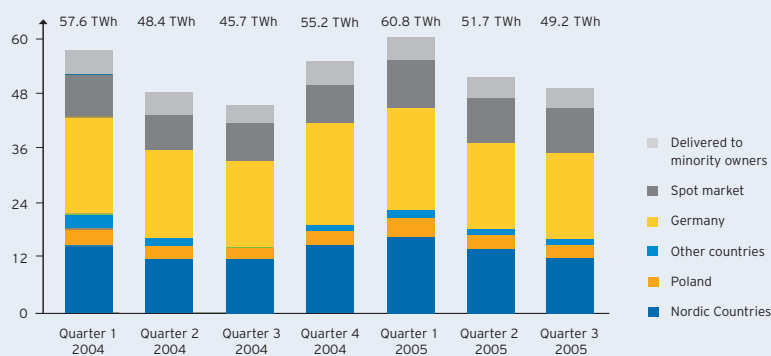
	January-Sept 2005	January-Sept 2004
ELECTRICITY BALANCE (TWh)		
Sales		
Nordic Countries	43.0	39.1
Germany	59.9	60.3
Poland	9.7	8.8
Other countries	3.9	3.5
Spot market	30.1	25.1
Total	146.6	136.8
Internal generation and electricity input		
Hydro power	29.1	24.1
Nuclear power	43.1	45.5
Fossil-based and other	50.4	51.7
Total internal generation	122.6	121.3
Purchased power	42.7	32.7
Spot market	5.5	5.6
Total electricity input	170.8	159.6
Internal consumption	-9.2	-7.9
Total	161.6	151.7

Comments:

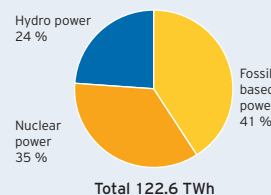
The 7.2 per cent sales increase is explained by increased bilateral sales in the Nordic countries and Poland, together with increased spot market sales.

The increase in generation is explained by a significant increase in hydro power generation as a result of good water supply. Nuclear power generation decreased due to production disruptions at Ringhals and the closing of Barsebäck 2. Fossil-based power decreased somewhat due to a number of production outages in Germany.

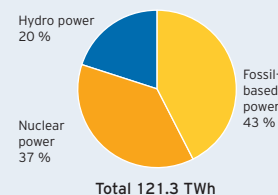
Electricity sales per quarter, TWh



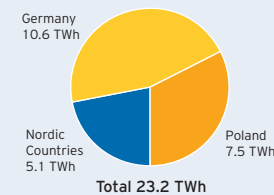
Electricity generation January-September 2005



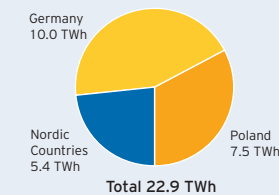
Electricity generation January-September 2004



Heat sales January-September 2005



Heat sales January-September 2004



SEGMENTS

Amounts in SEK millions (all figures according to IFRS)	January-Sept			July-Sept			Full year 2004	Latest 12 months
	2005	2004	Change %	2005	2004	Change %		
NORDIC COUNTRIES								
Net sales	▲ 30,412	28,883	5.3	8,501	8,512	-0.1	39,962	41,491
EBIT	▲ 9,754	8,773	11.2	2,497	2,056	21.4	12,215	12,819
EBIT excl items affecting comparability	▲ 9,723	8,825	10.2	2,492	2,016	23.6	12,246	12,767
Heat production (TWh)	▼ 5.1	5.4	-5.6	1.0	1.1	-9.1	7.6	7.3
Electricity generation (TWh)	▲ 65.7 ¹	63.8	3.0	19.8	19.6	1.0	88.4	90.3
– of which hydro power	▲ 26.6	21.7	22.6	8.0	7.1	12.7	30.3	35.2
– of which nuclear power	▼ 38.8	41.8	-7.2	11.8	12.5	-5.6	57.5	54.5
– other	▶ 0.3	0.3	0.0	0.0 ²	0.0 ²	0.0	0.6	0.6
Transmitted volumes (TWh)	▲ 87.1	80.8	7.8	26.2	23.2	12.9	113.0	119.3

¹ Of electricity generation, Vattenfall has at its disposal 53 TWh (51), while the remainder goes to minority owners.

² Rounding off.

Sales and earnings trend

The improvements in sales is mainly attributable to the second quarter while the improvement in operating profit is chiefly attributable to the second and third quarters. The Electricity Generation, Heat and Services business units report improved operating profits while Sales and Distribution show weakened operating profits. Electricity generation represented the largest improvement in financial performance, explained by increased generation volumes and advantageous hedging outcomes. The increase within Heat is attributable to Swedish electricity certificates income and the fact that the operating profit for the equivalent period in 2004 was burdened in the amount of SEK 100 million for winding up the peat producing company HMAB. Electricity Distribution shows a weakened operating profit due to the severe storm that affected southern Sweden at the beginning of January, and which burdened the result by slightly more than SEK 500 million.

Hydro power generation was 4.9 TWh higher than for the first nine months of 2004 due to improved water supply. Nuclear power generation was 3 TWh lower, primarily due to production disruptions at Ringhals and the closing of Barsebäck 2. Heat production was 0.3 TWh lower than last year.

The transfer of Danish power assets to Vattenfall in accordance with the agreement with Dong is expected to take place during the first quarter of 2006 (see page 11 for more information).

Market development

The average spot price on Nord Pool (SYSSEK) for the first nine months was 3 per cent lower than last year, SEK 261 per MWh (SEK 0.61 per kWh) as against SEK 269 last year. During the third quarter, the average spot price remained largely unchanged at SEK 279 per MWh compared with SEK 274 per MWh.

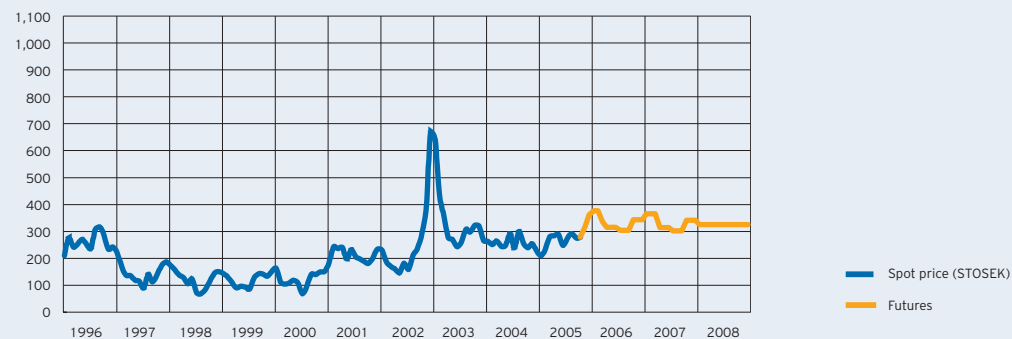
During the first nine months the hydrological balance in the Nordic region exhibited a surplus averaging 8.7 TWh compared with the deficit of 17.9 TWh for the equivalent period last year. At the end of September the hydrological balance exhibited a surplus of 7.3 TWh, compared with a deficit of 1.2 TWh in 2004.

Forward prices for 2006 and 2007 closed at EUR 36.3 per MWh and EUR 35.3 per MWh respectively on 30 September compared with last year's average closing prices of slightly more than EUR 28 per MWh. High fuel prices and high carbon dioxide emission allowances prices have contributed to an increase in continental electricity prices, which in turn have also affected Nordic prices.

Total electricity consumption in the Nordic countries during the first nine months amounted to just over 282 TWh, essentially unchanged compared with the equivalent period in 2004.

Swedish electricity prices 1996–2008
Monthly average, SEK/MWh

Source: Nord Pool
Updated to 30 September 2005



Amounts in SEK millions (all figures according to IFRS)	January-Sept			July-Sept			Full year 2004	Latest 12 months
	2005	2004	Change %	2005	2004	Change %		
GERMANY								
Net sales	▲ 82,401	67,068	22.9	25,712	20,576	25.0	92,945	108,278
EBIT	▲ 7,531	4,016	87.5	866	98	783.7	4,591	8,106
EBIT excl items affecting comparability	▲ 7,565	5,408	39.9	878	688	27.6	7,208	9,365
Heat production (TWh)	▲ 10.6	10.0	6.0	1.8	1.4	28.6	15.5	16.1
Electricity generation (TWh)	▼ 54.6	55.4	-1.4	16.8	17.3	-2.9	75.5	74.7
– of which fossil-based	▼ 47.8	49.3	-3.0	14.9	15.4	-3.2	67.2	65.7
– of which nuclear power	▲ 4.3	3.7	16.2	1.0	1.0	0.0	4.9	5.5
– of which hydro power	▲ 2.5	2.4	4.2	0.9	0.9	0.0	3.3	3.4
Transmitted volumes (TWh) ¹	▼ 20.7	21.1	-1.9	6.6	6.8	-2.9	28.5	28.1

¹ Excl transmission grid.

Sales and earnings trend

The improvement in sales is mainly attributable to significantly higher electricity wholesale prices. The improvement in operating profit, excluding items affecting comparability, is attributable mainly to higher electricity market prices and, to a lesser extent, to higher transmission tariffs. Restructuring costs of SEK 1,514 million from 2004 are treated as items affecting comparability. Compared with the first nine months of 2004, operating profit improved in the Mining & Generation, Sales and Heat business units. The fact that Sales managed to turn last year's loss into a profit is explained by reduced sales and administrative costs and the alignment to market terms of a number of larger sales agreements. Operating profits from Transmission and Distribution combined, remained largely unchanged.

Nuclear power generation was 0.6 TWh higher than for the first nine months of 2004 while fossil-based power decreased 1.5 TWh as a result of production stops in a number of plants. Heat production was 0.6 TWh higher than last year.

Market development

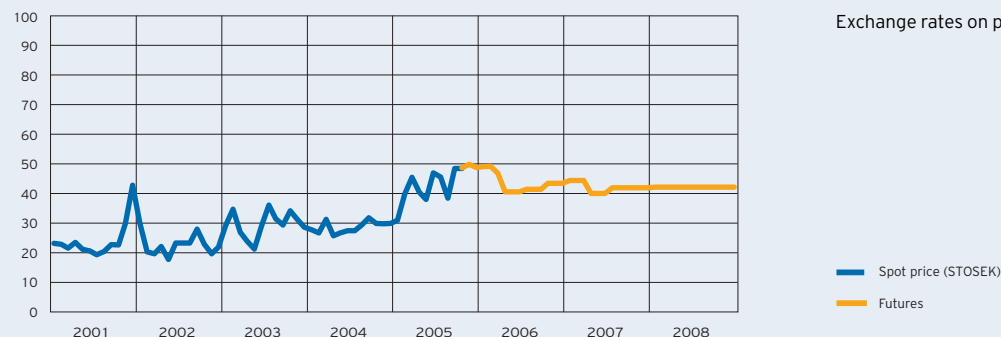
The average spot price on EEX for the first nine months was about 47 per cent higher than in the equivalent period in 2004 at EUR41.3 per MWh compared with EUR 28.1 per MWh. During the third quarter, the average spot price was EUR 43.9 per MWh compared with EUR 29.4 per MWh for last year, explained by high fuel prices and the high price of carbon dioxide emission allowances. Low levels in the Swiss reservoirs, low wind power generation and maintenance work were other contributory factors.

German forward prices remain above EUR 40, mainly due to high fuel prices and the high price of carbon dioxide emission allowances. Forward prices for 2006 and 2007 closed at EUR 44.4 per MWh and EUR 42.4 per MWh respectively on 30 September compared with last year's average closing prices of EUR 34.1 per MWh and EUR 34.92 per MWh respectively.

The price of carbon dioxide emission allowances dropped after peaking at the beginning of July and has remained relatively stable during the third quarter at a level of about EUR 22-23 per ton.

German electricity prices 2001-2008
Monthly average, EUR/MWh

Source: European Energy Exchange (EEX)
Updated to 30 September 2005



Exchange rates on page 22

SEGMENTS

Amounts in SEK millions (all figures according to IFRS)	January-Sept			July-Sept			Full year 2004	Latest 12 months
	2005	2004	Change %	2005	2004	Change %		
POLAND								
Net sales	▲ 6,222	5,298	17.4	1,859	1,519	22.4	7,427	8,351
EBIT	▲ 611	528	15.7	94	96	-2.1	711	794
EBIT excl items affecting comparability	▲ 622	512	21.5	97	84	15.5	691	801
Heat production (TWh)	▶ 7.5	7.5	0.0	0.8	0.8	0.0	11.4	11.4
Electricity generation (TWh) ¹	▲ 2.2	2.0	10.0	0.3	0.2	50.0	3.2	3.4

¹ 100 % fossil-based power.

Sales and earnings trend

The improved operating profit is primarily due to exchange rate fluctuations. Operations are stable and now exhibit good earnings ability much due to the very successful rationalisation and cost-reduction efforts implemented in recent years. The Heat business unit reported an improved operating profit. Lower heat volumes, the result of warm weather at the beginning of the year, were compensated by higher electricity generation in the combined heat and power plants. Distribution also reported an improved operating profit, primarily due to restructured sales procedures, cost-savings and lower network losses. Electricity Sales reported a poorer result than last year due to squeezed margins.

Market development

The average spot price on POLPX for the first nine months increased compared with the equivalent period last year, PLN 113 per MWh compared with PLN 111 per MWh. The third quarter also showed an increase, from PLN 111 per MWh to PLN 114 per MWh.

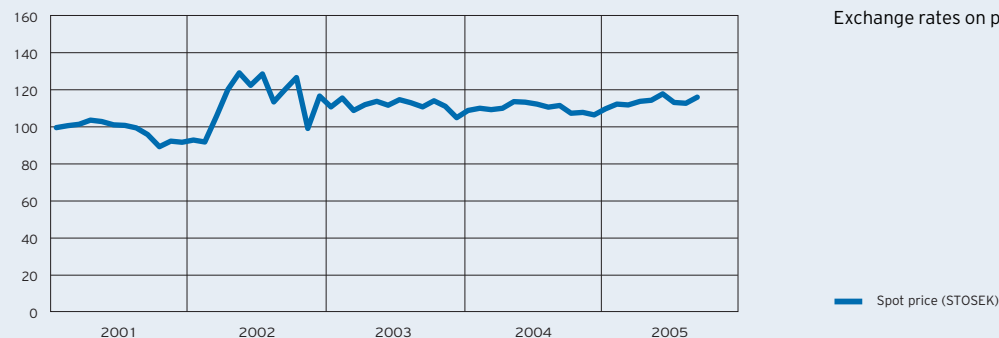
Sales on the Polish electricity exchange are very low compared with Nord Pool and EEX. The forward market is under development.

Poland reorganised as Business Group

Operations in Poland have been reorganised into Business Group Poland and sub-divided into three business units, Distribution, Sales and Heat. This puts Poland on the same level in the Group as Business Group Vattenfall Nordic and Business Group Vattenfall Europe in Germany.

Polish electricity prices 2001-2005
Monthly average, PLN/MWh

Source: Gielda Energii SA
Updated to 30 September 2005



Exchange rates on page 22

— Spot price (STOSEK)

THE PARENT COMPANY

The accounts of Vattenfall AB, the parent company, are prepared in accordance with Swedish GAAP, that is, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation (RR 32) on reporting for legal entities. The parent company does not apply IAS 39 concerning financial instruments to the accounts for 2005.

Sales amounted to SEK 19,023 million (SEK 19,018 million). Profit after financial items amounted to SEK 3,982 million (SEK 6,814 million). Investments for the period amounted to SEK 13,156 million (SEK 2,669 million). Cash and cash equivalents amounted to SEK 3,299 million (31 December 2004: SEK 142 million). Funds in the Group account managed by Vattenfall Treasury AB amounted to SEK 31,255 million (31 December 2004: SEK 22,533 million).

THE GROUP

Closing of Barsebäck

The negotiations between Vattenfall and the Swedish state on compensation to Vattenfall for the closing of Barsebäck are not yet completed. When preparing the accounts as of 30 September 2005 Vattenfall did not consider any possible effects of the ongoing negotiations. The compensation is expected to exceed Vattenfall's share of the costs for the write-down of the assets attributable to Barsebäck Kraft AB.

Provisions

The various provisions made in the Vattenfall Group's balance sheet are currently under review. This review may lead to changes in current assumptions about discount interest rates in the calculation of these provisions.

Elsam, Denmark

Vattenfall's shareholding, 35.3%, in the Danish energy company Elsam A/S is reported in accordance with the equity method as of the third quarter of 2005. The purchase price allocation for Elsam is still preliminary as of the date of this report. According to the agreement with majori-

ty-owner Dong A/S, Vattenfall shall exchange the shares for production capacity in Elsam and the company E2. This transaction requires EU approval, which is expected to be given at the beginning of 2006. Once approval has been given, the parties have agreed that a certain number of days should pass before the transaction is completed. In light of this, the transfer of assets is expected to be completed at the end of the first quarter of 2006.

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 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 for the reporting of financial instruments is specified under the heading Changes in Equity.

According to IFRS 1 – First-time Adoption of IFRS, 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.

Restatements

A review of the transition to IFRS regarding obli-

gations for decommissioning etc. within Swedish nuclear power operations has shown that the provisions should have been posted at higher amounts from June 2004 onwards compared with the amounts published in Vattenfall's Annual Report for 2004 (Note 3 of the consolidated accounts) and in its interim reports for the first and second quarters of 2005. As per this report, a higher provision is reported in the opening balance for 2005 for the foregoing provisions, with an equivalent effect on profit for 2004. The restated provisions for the 2004 financial year total SEK 684 million, with a corresponding increase in financial expenses and a decrease in net profit of SEK 491 million. EBIT and cash flow are not affected by the restatement. Detailed information about the restatement is provided on Vattenfall's websites, www.vattenfall.se and www.vattenfall.com. On page 21 of this report, under the heading Transition to International Financial Reporting Standards (IFRS), restated figures are presented for the impact of the transition to IFRS as regards profits and equity from June 2004 onwards compared with the figures previously presented in Vattenfall's Annual Report for 2004 and its interim reports for the first and second quarters of 2005.

Capital Securities

At the end of June Vattenfall issued so-called Capital Securities, which are reported as interest-bearing non-current liabilities. The tenor of the Capital Securities is perpetual and they are junior to all of Vattenfall's unsubordinated debt instruments. There is no redemption requirement. The interest rate of the Capital Securities is fixed for the initial 10-year period, thereafter a floating rate is applied. Interest payment is conditional on, among other things, Vattenfall's means of paying dividends to shareholders and the fulfillment of certain key ratios.

Emission allowances

As of 2005, a trading system applies in the EU with the purpose of reducing emissions of the greenhouse gas carbon dioxide. Within the fram-

ework of this system, concerned plants have received, without payment or for prices below fair value, so-called emission allowances from the authorities in each country. Emission allowances 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 allowances in IFRIC 3. The EU has not yet approved IFRIC 3 and has suggested a number of changes. In June 2005, the IASB withdrew IFRIC 3 with immediate effect.

While awaiting a final IFRIC approved by the EU, Vattenfall will report emission allowances as follows: Received and purchased emission allowances are reported as inventories. In those cases where emission allowances are received, or acquired, at a value lower than fair value, 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 allowances are reported. The liability and inventory asset are valued in a standardised manner.

VATTENFALL'S FINANCIAL REPORTS FOR 2005

Year-end Report – 31 December 2005

Wednesday, 8 February 2006

Annual Report 2005

March 2006

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Stockholm on Thursday, 27 April 2006.



Stockholm, 27 October 2005

Lars G Josefsson

President and Chief Executive Officer

INCOME STATEMENT

INCOME STATEMENT

Amounts in SEK millions	January-September			July-September			Full year		Latest
	2005 IFRS	2004 IFRS	2004 Sw GAAP	2005 IFRS	2004 IFRS	2004 Sw GAAP	2004 IFRS ⁸	2004 Sw GAAP	12 months IFRS
Net sales	91,878	80,961	80,961	27,550	23,890	23,890	113,366	113,366	124,283
Cost of products sold ¹	-66,645	-59,303	-58,892	-21,455	-18,830	-18,468	-83,848	-81,992	-91,190
Gross profit	25,233	21,658	22,069	6,095	5,060	5,422	29,518	31,374	33,093
Selling expenses, administrative expenses and research and development costs ²	-8,554	-8,769	-8,485	-2,972	-2,806	-2,702	-12,572	-12,139	-12,357
Other operating income and expenses, net	193	717	717	-116	313	312	1,126	1,126	602
Participations in the results of associated companies	594	-284	-129	259	-505	-453	-960	-754	-82
Operating profit (EBIT)³	17,466	13,322	14,172	3,266	2,062	2,579	17,112	19,607	21,256
Financial income ⁴	2,648	1,975	1,231	801	714	401	3,516	1,772	4,189
Financial expenses ⁵	-4,468	-4,324	-2,768	-1,248	-1,293	-735	-6,014	-4,020	-6,158
Profit before income tax⁶	15,646	10,973	12,635	2,819	1,483	2,245	14,614	17,359	19,287
Income tax expense	-5,303	-3,541	-3,652	-962	-610	-660	-5,010	-5,011	-6,772
Profit for the period⁷	10,343	7,432	8,983	1,857	873	1,585	9,604	12,348	12,515
Attributable to									
Equity holders of the parent	9,791	7,040	8,564	1,814	990	1,693	8,944	11,776	11,695
Minority interests	552	392	419	43	-117	-108	660	572	820
Total	10,343	7,432	8,983	1,857	873	1,585	9,604	12,348	12,515
Earnings per share									
Number of shares (thousands)	131,700	131,700	131,700	131,700	131,700	131,700	131,700	131,700	131,700
Earnings per share (SEK)	74.34	53.45	65.03	13.77	7.52	12.85	67.91	89.42	88.80
Additional information									
Operating profit before depreciation (EBITDA)	28,359	23,954	22,986	6,770	5,477	5,228	32,386	31,453	36,791
Financial items, net excl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund	-1,204	-1,516	-1,537	-262	-333	-334	-2,199	-2,248	-1,887
¹ Of which depreciation	-10,577	-10,310	-10,119	-3,390	-3,362	-3,321	-14,745	-14,505	-15,012
¹ Of which dissolution of negative goodwill	-	-	1,514	-	-	684	-	3,034	-
² Of which depreciation	-316	-322	-209	-114	-53	-12	-529	-375	-523
³ Including items affecting comparability related to:									
- capital gains/losses	-14	510	510	-10	125	125	819	819	295
- restructuring costs	-	-1,514	-	-	-684	-	-3,034	-	-1,520
⁴ Incl discounting effects attributable to provisions and return on the Swedish Nuclear Waste Fund	979	747	-	353	312	-	1,744	-	1,976
⁵ Incl discounting effects attributable to provisions excl of provisions for pensions	-1,595	-1,580	-	-538	-558	-	-1,994	-	-2,009
⁶ Incl items affecting comparability	-5	-1,007	507	-9	-558	126	-2,217	817	-1,215
⁷ Of which items affecting comparability adjusted for tax	-10	-570	354	-15	-332	85	-1,305	546	-745

⁸ Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

PRIMARY SEGMENTS ¹

Amounts in SEK millions	Net sales					Operating profit (EBIT)					Operating profit (EBIT) excl items affecting comparability				
	January-September		July-September		Full year	January-September		July-September		Full year	January-September		July-September		Full year
	2005	2004	2005	2004	2004	2005	2004	2005	2004	2004	2005	2004	2005	2004	2004
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Nordic Countries	30,412	28,883	8,501	8,512	39,962	9,754	8,773	2,497	2,056	12,215	9,723	8,825	2,492	2,016	12,246
Germany	82,401	67,068	25,712	20,576	92,945	7,531	4,016	866	98	4,591	7,565	5,408	878	688	7,208
Poland	6,222	5,298	1,859	1,519	7,427	611	528	94	96	711	622	512	97	84	691
Other ²	37,754	25,962	13,121	8,103	35,363	-430	5	-191	-188	-392	-430	-419	-191	-167	-805
Eliminations ³	-64,911	-46,250	-21,643	-14,820	-62,331	-	-	-	-	-13	-	-	-	-	-13
Total	91,878	80,961	27,550	23,890	113,366	17,466	13,322	3,266	2,062	17,112	17,480	14,326	3,276	2,621	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-September		July-September		Full year	January-September		July-September		Full year	January-September		July-September		Full year
	2005	2004	2005	2004	2004	2005	2004	2005	2004	2004	2005	2004	2005	2004	2004
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Electricity Generation	40,747	37,449	13,026	11,806	51,128	11,352	8,496	2,782	1,607	12,417	11,380	9,121	2,808	2,056	13,106
Electricity Markets ²	51,125	45,127	16,867	14,003	61,725	770	-696	133	-155	-839	769	-278	133	-39	-322
Electricity Networks	36,723	31,826	10,524	9,375	44,761	4,454	4,897	1,048	1,301	6,129	4,442	5,060	1,057	1,339	6,365
Heat	14,289	12,622	3,644	3,056	18,320	2,216	1,588	-184	-215	2,622	2,212	1,790	-190	-204	3,023
Other	5,066	4,318	1,796	1,601	6,262	-1,326	-963	-513	-476	-3,205	-1,323	-1,367	-532	-531	-2,833
Eliminations ³	-56,072	-50,381	-18,307	-15,951	-68,830	-	-	-	-	-12	-	-	-	-	-12
Total	91,878	80,961	27,550	23,890	113,366	17,466	13,322	3,266	2,062	17,112	17,480	14,326	3,276	2,621	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.

BALANCE SHEET

Amounts in SEK millions	30 September 2005 IFRS	30 September 2004 IFRS	30 September 2004 Sw GAAP	31 December 2004 IFRS ²	31 December 2004 Sw GAAP
Assets					
Non-current assets					
Intangible fixed assets	5,669	6,374	5,772	5,663	5,065
Tangible fixed assets	185,256	183,514	179,783	182,540	179,029
Financial fixed assets	63,467	51,020	27,672	50,709	26,681
Total non-current assets	254,392	240,908	213,227	238,912	210,775
Current assets					
Inventories	13,033	7,671	7,612	7,577	7,470
Trade and other receivables	36,076	23,000	23,000	23,836	23,790
Current tax assets	2,404	2,285	2,285	1,264	1,264
Short-term investments	8,219	8,094	8,094	7,700	7,700
Cash and cash equivalents	8,596	7,774	7,774	5,916	5,916
Total current assets	68,328	48,824	48,765	46,293	46,140
Total assets	322,720	289,732	261,992	285,205	256,915
Equity and liabilities					
Equity					
Attributable to equity holders of the parent	70,888	70,701	58,398	72,994	62,316
Attributable to minority interests	9,609	9,559	9,010	10,114	9,188
Total equity	80,497	80,260	67,408	83,108	71,504
Non-current liabilities					
Capital Securities	9,176	-	-	-	-
Other interest-bearing liabilities	63,694	66,834	66,834	64,119	64,119
Interest-bearing provisions	41,254	41,336	24,721	40,621	23,965
Pension provisions	17,222	16,533	16,533	16,450	16,450
Deferred tax liabilities	44,634	41,544	34,772	41,646	34,688
Other non-interest-bearing liabilities	2,119	2,012	2,012	2,135	2,135
Negative goodwill	-	-	8,499	-	6,928
Total non-current liabilities	178,099	168,259	153,371	164,971	148,285
Current liabilities					
Trade and other payables	48,656	23,417	23,417	21,363	21,363
Current tax liabilities	3,205	2,202	2,202	1,999	1,999
Interest-bearing liabilities ¹	8,051	10,869	10,869	8,894	8,894
Interest-bearing provisions	4,212	4,725	4,725	4,870	4,870
Total current liabilities	64,124	41,213	41,213	37,126	37,126
Total equity and liabilities	322,720	289,732	261,992	285,205	256,915
Pledged assets	3,260	78	78	247	247
Contingent liabilities	15,166	12,082	12,082	10,441	10,441
¹ Of which interest arbitrage transactions	-	990	990	-	-

² Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

ADDITIONAL INFORMATION

Net assets

Amounts in SEK millions	30 September 2005 IFRS	30 September 2004 IFRS	30 September 2004 Sw GAAP	31 December 2004 IFRS ³	31 December 2004 Sw GAAP
Nordic Countries	70,894	57,948	58,305	57,377	57,950
Germany	66,976	69,012	57,277	68,040	57,953
Poland	9,160	7,413	7,319	7,321	7,187
Other ¹	-1,483	-3,766	-2,797	-3,409	-2,430
Eliminations	287	1,285	1,285	2,293	2,292
Total net assets on balance sheet date	145,834	131,892	121,389	131,622	122,952
Net assets, weighted average value ²	138,307	-	123,375	134,125	123,423

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

² IFRS information for 2003 is not available.

³ Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

Net debt

Amounts in SEK millions	30 September 2005 IFRS	30 September 2004 IFRS	30 September 2004 Sw GAAP	31 December 2004 IFRS	31 December 2004 Sw GAAP
Capital Securities	-9,176	-	-	-	-
Other interest-bearing liabilities ¹	-71,745	-77,703	-77,703	-73,013	-73,013
Cash and cash equivalents	8,596	7,774	7,774	5,916	5,916
Short-term investments	8,219	8,094	8,094	7,700	7,700
Loans to minority owners in foreign subsidiaries	306 ²	3,985	3,985	3,986	3,986
Total net debt	-63,800	-57,850	-57,850	-55,411	-55,411
¹ Of which loans from minority owned German nuclear power companies	-12,719	-15,177	-15,177	-14,458	-14,458

² Reduction due to amortisation of loans.

CASH FLOW STATEMENT

CASH FLOW STATEMENT

Amounts in SEK millions	January-September			July-September			Full year		Latest 12 months IFRS
	2005	2004	2004	2005	2004	2004	2004	2004	
	IFRS	IFRS	Sw GAAP	IFRS	IFRS	Sw GAAP	IFRS	Sw GAAP	
Operating activities									
Funds from operations (FFO)	18,712	17,522	17,474	3,921	2,794	2,784	24,302	24,159	25,492
Cash flow from changes in operating assets and operating liabilities	1,468	1,664	1,577	3,743	3,115	3,070	-199	-186	-395
Cash flow from operating activities	20,180	19,186	19,051	7,664	5,909	5,854	24,103	23,973	25,097
Investment activities									
Investments	-19,768	-8,685	-8,550	-4,432	-2,755	-2,700	-12,731	-12,601	-23,814
Divestments	324	1,098	1,098	73	474	474	2,120	2,120	1,346
Cash and cash equivalents in acquired/divested companies	-	-16	-16	-	-	-	-20	-20	-4
Cash flow from investment activities	-19,444	-7,603	-7,468	-4,359	-2,281	-2,226	-10,631	-10,501	-22,472
Cash flow before financing activities	736	11,583	11,583	3,305	3,628	3,628	13,472	13,472	2,625
Financing activities									
Changes in short-term investments	-268	-752	-752	1,086	36	36	-439	-439	45
Changes in loans to minority owners in foreign subsidiaries	3,776	-	-	3,776	-	-	-	-	3,776
Loans raised ¹	3,185	7,754	7,754	-2,832	1,802	1,802	7,984	7,984	3,415
Amortisation of debt	-8,660	-15,571	-15,571	-2,494	-6,061	-6,061	-20,229	-20,229	-13,318
Issue of Capital Securities	9,248	-	-	-	-	-	-	-	9,248
Dividend paid to shareholders	-5,775	-2,606	-2,606	-4	-	-	-2,600	-2,600	-5,769
Cash flow from financing activities	1,506	-11,175	-11,175	-468	-4,223	-4,223	-15,284	-15,284	-2,603
Cash flow for the period	2,242	408	408	2,837	-595	-595	-1,812	-1,812	22
Cash and cash equivalents									
Cash and cash equivalents at the beginning of the period	5,916	7,301	7,301	5,653	8,412	8,412	7,301	7,301	7,774
Cash flow for the period	2,242	408	408	2,837	-595	-595	-1,812	-1,812	22
Exchange rate differences	438	65	65	106	-43	-43	427	427	800
Cash and cash equivalents at the end of the period	8,596	7,774	7,774	8,596	7,774	7,774	5,916	5,916	8,596

ADDITIONAL INFORMATION

Cash flow before financing activities	736	11,583	11,583	3,305	3,628	3,628	13,472	13,472	2,625
Financing activities									
Dividend paid to shareholders	-5,775	-2,606	-2,606	-4	-	-	-2,600	-2,600	-5,769
Cash flow after dividend	-5,039	8,977	8,977	3,301	3,628	3,628	10,872	10,872	-3,144
Analysis of changes in net debt									
Net debt at beginning of the period	-55,411	-66,890	-66,890	-68,307	-61,512	-61,512	-66,890	-66,890	-57,850
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	-5,039	8,977	8,977	3,301	3,628	3,628	10,872	10,872	-3,144
Changes due to fair value valuation	-444	-	-	364	-	-	-	-	-444
Exchange rate differences on net debt	-2,322	-21	-21	842	34	34	523	523	-1,778
Net debt at the end of the period	-63,800	-57,850	-57,850	-63,800	-57,850	-57,850	-55,411	-55,411	-63,800
Free cash flow	13,685	14,132	13,997	5,055	3,856	3,801	15,684	15,554	15,237

¹ Net of short-term borrowings which have a maturity period of three months or less.

CHANGES IN EQUITY

Amounts in SEK millions	January-September 2005 (IFRS)		
	Attributable to equity holders of the parent	Attributable to minority holders	Total equity
Balance brought forward	72,994	10,114	83,108
Transition effect on application of new accounting principles (IAS 39)	-416	-24	-440
Dividend to shareholders	-5,600	-175	-5,775
Cash flow hedges	-7,443	-89	-7,532
Currency hedges related to foreign equity	-1,031	-	-1,031
Transfers between equity attributable to holders of the parent and equity attributable to minority interests	-84	84	-
Translation differences	2,677	391	3,068
Changes in ownership	-	-1,244	-1,244
Profit for the period	9,791	552	10,343
Balance carried forward	70,888	9,609	80,497¹

¹ Of which Cash flow hedge reserve, MSEK -7 716.

Amounts in SEK millions	January-September 2004 (IFRS)		
	Attributable to equity holders of the parent	Attributable to minority holders	Total equity
Balance brought forward	65,502	10,227	75,729
Dividend to shareholders	-2,400	-206	-2,606
Translation differences	389	142	531
Currency hedges related to foreign equity	170	-	170
Changes in ownership	-	-996	-996
Profit for the period	7,040	392	7,432
Balance carried forward	70,701	9,559	80,260

Amounts in SEK millions	January-December 2004 (IFRS) ¹		
	Attributable to equity holders of the parent	Attributable to minority holders	Total equity
Balance brought forward	65,502	10,227	75,729
Dividend to shareholders	-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	8,944	660	9,604
Balance carried forward	72,994	10,114	83,108

¹ Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

KEY RATIOS

KEY RATIOS (definitions on page 22)

(in percent unless otherwise stated)	January-September		July-September		Full year		Latest 12 months IFRS
	2005 IFRS	2004 IFRS	2005 IFRS	2004 IFRS	2004 IFRS ²	2004 Sw GAAP	
Operating margin	19.0	16.5	11.9	8.6	15.1	17.3	17.1
Operating margin ¹	19.0	17.7	11.9	11.0	17.0	16.6	18.1
Pre-tax profit margin	17.0	13.6	10.2	6.2	12.9	15.3	15.5
Pre-tax profit margin ¹	17.0	14.8	10.3	8.5	14.8	14.6	16.5
Return on equity	-	-	-	-	13.7	22.4	16.5
Return on equity ¹	-	-	-	-	15.6	21.4	17.6
Return on net assets	-	-	-	-	11.6	15.9	14.1
Return on net assets ¹	-	-	-	-	13.3	15.2	15.0
Interest coverage ratio, times	6.7	5.3	5.2	3.4	4.7	5.3	5.7
Interest coverage ratio, times ¹	6.7	5.7	5.2	4.1	5.2	5.1	6.0
FFO interest coverage ratio, times	7.5	7.4	6.5	4.8	7.0	7.0	7.1
FFO interest coverage ratio, net, times	16.5	12.6	16.0	9.4	11.8	11.7	14.2
Equity/assets ratio	24.9	27.8	24.9	27.8	29.1	27.8	24.9
Net debt/equity ratio, times	0.79	0.72	0.79	0.72	0.67	0.77	0.79
Net debt/equity plus net debt	44.2	41.9	44.2	41.9	40.0	43.7	44.2
Interest-bearing debt/interest-bearing debt plus equity	50.1	49.2	50.1	49.2	46.8	50.5	50.1
FFO/interest-bearing debt	-	-	-	-	33.3	33.1	31.5
FFO/net debt	-	-	-	-	43.9	43.6	40.0
EBITDA/net financial items, times	23.6	15.8	25.8	16.4	14.4	14.0	19.0
EBITDA/net financial items, times ¹	23.6	16.5	25.9	18.1	15.4	13.6	19.6

¹ Excl items affecting comparability.

² Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

QUARTERLY INFORMATION

	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
	2005	2005	2005	2004	2004	2004	2004
Amounts in SEK millions	IFRS	IFRS ²	IFRS ²	IFRS ²	IFRS ²	IFRS ²	IFRS
Income statement							
Net sales	27,550	29,292	35,036	32,405	23,890	25,261	31,810
Cost of products sold	-21,455	-20,275	-24,915	-24,545	-18,830	-18,936	-21,537
Other expenses and revenues, net	-3,088	-4,118	-1,155	-3,394	-2,493	-2,771	-2,788
Participations in the results of associated companies	259	82	253	-676	-505	65	156
Operating profit before depreciation (EBITDA)	6,770	8,943	12,646	8,432	5,477	7,299	11,178
Operating profit (EBIT)	3,266	4,981	9,219	3,790	2,062	3,619	7,641
Financial items, net	-447	-783	-590	-149	-579	-907	-863
Financial items, net ¹	-262	-559	-383	-683	-333	-493	-690
Profit before income tax	2,819	4,198	8,629	3,641	1,483	2,712	6,778
Profit for the period attributable to minority interests	43	124	385	268	-117	141	368
Profit for the period attributable to equity holders of the parent	1,814	2,793	5,184	1,904	990	1,525	4,525
Balance sheet							
Non-current assets	254,392	260,230	241,525	238,912	240,908	242,700	246,237
Short-term investments	8,219	9,300	7,465	7,700	8,094	8,146	5,546
Cash and cash equivalents	8,596	5,653	8,485	5,916	7,774	8,412	7,482
Other current assets	51,513	49,853	46,493	32,677	32,956	34,986	37,941
Total assets	322,720	325,036	303,968	285,205	289,732	294,244	297,206
Equity attributable to equity holders of the parent	70,888	68,955	76,006	72,994	70,701	69,541	70,944
Equity attributable to minority interests	9,609	10,643	10,538	10,114	9,559	9,720	9,768
Capital Securities	9,176	9,248	-	-	-	-	-
Other interest-bearing liabilities	71,745	78,110	71,389	73,013	77,703	82,141	80,124
Interest-bearing provisions	45,466	45,787	45,372	45,491	46,061	47,761	48,234
Pension provisions	17,222	17,337	16,720	16,450	16,533	16,425	16,555
Deferred tax liabilities	44,634	44,227	42,499	41,646	41,544	41,237	41,879
Other non-interest-bearing liabilities	53,980	50,729	41,444	25,497	27,631	27,419	29,702
Total equity and liabilities	322,720	325,036	303,968	285,205	289,732	294,244	297,206
Net assets	145,834	148,946	133,796	131,622	131,892	134,571	137,162
Net debt	-63,800	-68,307	-51,395	-55,411	-57,850	-61,512	-62,916
Cash flow							
Funds from operations (FFO)	3,921	6,020	8,771	6,780	2,794	5,719	9,009
Cash flow from changes in operating assets and operating liabilities	3,743	-979	-1,296	-1,863	3,115	-108	-1,343
Cash flow from operating activities	7,664	5,041	7,475	4,917	5,909	5,611	7,666
Cash flow from investment activities	-4,359	-13,374	-1,711	-3,028	-2,281	-2,236	-3,086
Cash flow before financing activities	3,305	-8,333	5,764	1,889	3,628	3,375	4,580
Changes in short-term investments	1,086	-1,709	355	313	36	-2,661	1,873
Loans raised/Amortisation of debt, net	-1,550	3,465	-3,614	-4,428	-4,259	2,781	-6,339
Issue of Capital Securities	-	9,248	-	-	-	-	-
Dividend paid to shareholders	-4	-5,771	-	6	-	-2,590	-16
Cash flow from financing activities	-468	5,233	-3,259	-4,109	-4,223	-2,470	-4,482
Cash flow for the period	2,837	-3,100	2,505	-2,220	-595	905	98
Free cash flow	5,055	2,646	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.

² Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

KEY RATIOS (definitions on page 19)

	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
(in percent unless otherwise stated)	2005 IFRS	2005 IFRS ³	2005 IFRS ³	2004 IFRS ³	2004 IFRS ³	2004 IFRS ³	2004 IFRS
Return on equity ¹	16.5	15.6	13.5	–	–	–	–
Return on equity ^{1,2}	17.6	17.1	15.1	–	–	–	–
Return on net assets ¹	14.1	13.6	12.7	–	–	–	–
Return on net assets ^{1,2}	15.0	14.9	14.1	–	–	–	–
Interest coverage ratio, times	5.2	4.2	12.1	3.4	3.4	4.4	7.4
Interest coverage ratio, times ¹	5.2	4.3	12.1	4.3	4.1	4.5	7.7
Equity/assets ratio	24.9	24.5	28.5	29.1	27.8	27.0	27.2
Net debt/equity ratio, times	0.79	0.86	0.59	0.67	0.72	0.78	0.78
Net debt/equity plus net debt	44.2	46.2	37.3	40.0	41.9	43.7	43.8
FFO/interest-bearing debt ²	31.5	52.3	33.7	–	–	–	–
FFO/net debt ²	40.0	35.7	46.8	–	–	–	–

¹ Rolling 12-months values (IFRS information for 2003 is not available).

² Excl items affecting comparability.

³ Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

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 ¹

Amounts in SEK millions	31 December 2004	30 September 2004	30 June 2004
Equity according to Swedish GAAP	62,316	58,398	56,724
Negative goodwill	6,928	8,499	9,248
Amortisation of goodwill	134	94	61
Obligations for decommissioning, restoration etc.			
– nuclear power operations	3,538	2,979	3,084
– mining operations	2,763	2,872	2,869
Development costs	464	507	533
Deferred tax	-2,223	-2,099	-2,151
Minority interests	9,188	9,010	8,893
Total change under IFRS	20,792	21,862	22,537
Equity according to IFRS	83,108	80,260	79,261

Summarised reconciliation of consolidated net profit ¹

Amounts in SEK millions	January-Dec 2004	October-Dec 2004	January-Sept 2004	July-Sept 2004	January-June 2004	April-June 2004
Net profit according to Swedish GAAP	11,776	3,212	8,564	1,693	6,871	2,106
Negative goodwill	-3,034	-1,520	-1,514	-684	-830	-505
Amortisation of goodwill	122	32	90	31	59	30
Obligations for decommissioning, restoration etc.						
– nuclear power operations	204	538	-334	-112	-222	-281
– mining operations	42	-90	132	22	110	63
Development costs	-77	-40	-37	-21	-16	-10
Deferred tax	-1	-113	112	52	60	76
Minority interests	572	153	419	-108	527	187
Total change under IFRS	-2,172	-1,040	-1,132	-820	-312	-440
Net profit according to IFRS	9,604	2,172	7,432	873	6,559	1,666

¹ Certain values adjusted compared to previously published information in Vattenfall's Annual Report for 2004 and interim reports for the first and second quarters of 2005. See page 11 under the heading Accounting Principles.

EXCHANGE RATES

Key exchange rates applied in the accounts:

	Jan-Sept 2005	2004	Full year 2004
Average rates			
EUR	9.2152	9.1558	9.1193
DKK	1.2372	1.2306	1.2260
PLN	2.2710	1.9830	2.0192
USD	7.2855	7.4862	7.3314
<hr/>			
	30 Sept 2005	2004	31 Dec 2004
Closing day rates			
EUR	9.3410	9.0690	9.0070
DKK	1.2515	1.2185	1.2115
PLN	2.3900	2.0700	2.2100
USD	7.7800	7.3550	6.6130

DEFINITIONS

Items affecting comparability

Non-recurring capital gains and capital losses from shares and other fixed assets and – for 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 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.

Capital Securies

Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt. Reported as interest-bearing non-current liabilities.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Deprecation and Amortisation.

FFO

Funds From Operations.

This report has not been examined by Vattenfall's auditors.

This report has been translated from the Swedish original.

