

Interim report for state-
owned companies
January–March 2004



- Profit before tax increased by 17 per cent to SEK 11.2 (9.5) billion. The main part of the increase is accounted for by Vattenfall, which, despite a reduced turnover, reported increased profit before tax.
- Turnover decreased by 5 per cent and totalled SEK 77.7 (82.1) billion.
- Gross investments increased by 29 per cent and totalled SEK 5 (4) billion.
- The value of the state's listed portfolio decreased by 10 per cent.

STATE-OWNED COMPANIES, TOTAL					
SEKm	Jan–Mar 2004	Jan–Mar 2003	Change, %	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Net sales	77,661	82,070	–5	294,449	298,857
Operating profit	12,750	11,402	12	34,838	33,491
Profit before tax	11,170	9,519	17	28,227	26,576
Net profit	8,550	6,906	24	23,494	21,850
Gross investment	5,603	4,327	29	27,699	26,423
Cash flow from operating activities	317	5,676	–94	19,720	25,080

SEKm	31 March 2004	31 December 2003	Change, %	31 Mar 2003
Shareholders' equity	210,657	205,317	3	195,436
Total assets	895,182	873,931	2	871,552
Average no. of employees incl. associated companies	194,960	205,528	–5	172,571

%	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Return on capital employed	11.6	10.9
Equity/assets ratio	23.8	19.7

The Swedish business cycle improved somewhat in the first quarter of 2004. Many companies have reduced their total costs as a result of the economies in recent years and can therefore report an increased profit before tax despite turnover not increasing or even decreasing. However, companies have started to invest more during the first quarter of 2004 compared to last year, which is positive.

Profit before tax for state-owned companies¹⁾ totalled SEK 11.2 (9.5) billion and

turnover amounted to SEK 77.7 (82.1) billion. The reduced turnover and the improvement in earnings is largely accounted for by Vattenfall, which reduced its turnover by over SEK 4 billion although it still succeeded in reporting an increased profit before tax of over SEK 0.8 billion. The state's share of TeliaSonera's profit also increased by over SEK 0.3 billion. Altogether, 28 companies reported improved or unchanged earnings, corresponding to SEK 1.9 billion, and 19 companies reported a

deterioration in their results, corresponding to SEK 0.4 billion.

The Stockholm stock exchange, Stockholmsbörsen, started the year positively and Affärsvärlden's general index increased by 8 per cent during the first quarter. The value of the state's listed portfolio developed more poorly, mainly due to the falling share price for TeliaSonera, and decreased by 10 per cent in the first quarter.

¹⁾ See accounting principles, page 8.

Companies operating under market conditions

State-owned companies include companies operating under market conditions and companies which have special societal interests to fulfil. The distinction between the two categories is not always self-evident. Companies operating under market conditions are characterised by one or both of the following criteria:

- They operate in a fully-competitive market.
- The owner, the state, makes market requirements for earnings and return based on the risk profile.

Assessment of the companies in this group is made annually and reported in the Annual Report on State-owned Companies.

TURNOVER AND EARNINGS

Turnover for companies operating under market conditions decreased by 8 per cent or SEK 4,472 million compared to the corresponding period the previous year and totalled SEK 53,926 (58,388) million. The major part of this decrease can be accounted for by Vattenfall, which reduced its turnover by SEK 4,209 million. SBAB, Sveaskog and Lernia together accounted for a reduction of turnover by SEK 602 million. LKAB accounted for the largest increase in sales during the first quarter with an increase of SEK 494 million, followed by Posten, which increased its turnover by SEK 148 million. The change in turnover for the other companies was less than SEK 100 million plus or minus.

Profit before tax for the first quarter increased by 16 per cent and totalled SEK 9,649 (8,296) million. This increase can largely be accounted for by Vattenfall which, despite a decreased turnover, increased its profit before tax by 13 per cent or SEK 811 million. The state's share of TeliaSonera's earnings also increased greatly by 46 per cent or SEK 333 million. Posten, LKAB and the Swedish Space Corporation also increased their profit before tax greatly during the first quarter compared to the corresponding period last year. V&S Vin och Sprit, Vasakronan and SJ reported the greatest reduction of profit before tax. However, the reduction was less than SEK 100 million for the respective company.

Vattenfall's turnover amounted to SEK 31,810 (36,019) million for the first quarter, which was a decrease of 12 per cent compared to the corresponding period last year. Turnover decreased due to market prices for electricity being lower during the first quarter this year compared to last year. Vattenfall's earnings increased despite the lower market prices for electricity. Profit before tax for the first quarter totalled SEK 6,974 (6,163) million. This increase, compared to the corresponding period last year, is mainly due to cost savings and synergy effects in the German operation and improved earnings in electricity production due to higher availability in production and a more favourable price for hedging. Vatten-

COMPANIES OPERATING UNDER MARKET CONDITIONS

SEKm	Jan–Mar 2004	Jan–Mar 2003	Change, %	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Net sales	53,926	58,398	–8	198,138	202,610
Operating profit	10,986	9,946	10	28,812	27,772
Profit before tax	9,649	8,296	16	23,252	21,899
Net profit/loss	7,069	5,734	23	18,390	17,055
Gross investment	4,696	3,159	49	21,149	19,612
Cash flow from operating activities	–383	4,740	–108	12,289	17,412

SEKm	31 March 2004	31 December 2003	Change, %	31 Mar 2003
Shareholders' equity	182,971	179,911	2	169,672
Total assets	800,396	782,187	2	782,267
Average no. of employees incl. associated companies	144,492	153,306	–6	123,891

%	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Return on shareholders' equity	10.4	9.7
Equity/assets ratio	23.1	18.6

fall's earnings have fluctuated greatly during the year. The largest part of the annual earnings is normally earned in the first and fourth quarter when the demand for electricity and heating is greatest.

Posten's net turnover for the first quarter was SEK 6,253 (6,105) million and other operating income SEK 15 (50) million. Altogether, operating income increased to SEK 6,268 (6,155) million, an increase of over 2 per cent compared to the corresponding period the previous year. The increased turnover is primarily accounted for by increased volumes in the logistics business, unaddressed direct advertising and the newspaper business, which has offset the reduced volume of addressed letters. The increase in turnover is also explained by some price effect. Price increases in the Cash Service have not been able to compensate for lost volumes. Profit before tax for the first quarter was SEK 178 (16) million, which is a clear improvement compared to the same period last year. The previously strongly negative cash flow has been reversed and is positive for the quarter and also viewed over a 12-month period. During the past year, Posten has carried out strategic work and organisational change to create the prerequisites for Posten to be clearer and simpler.

V&S Vin & Sprit (V&S) Sales volumes totalled 5.0 (4.6) million 9-litre boxes for the first quarter of 2004, compared to the corresponding period last year. This increase is primarily due to the acquisition of the business in Zielona Gora in Poland in May 2003. V&S's invoiced sales excluding alcohol taxes decreased by 2 per cent to SEK 1,975 (2,021) million. Profit before tax decreased by 24 per cent to SEK 269 (355) million compared to the corresponding period in 2003. The weakening of the US dollar accounts for SEK 90 million of the decrease in earnings, which is otherwise mainly explained by increased marketing inputs and by some shifting between markets with different margins.

Sveaskog's turnover for the first quarter decreased by 9 per cent compared to the corresponding period last year and totalled SEK 2,029 (2,234) million. Turnover in Forestry operations increased despite lower delivery volumes due to higher average prices. Cartonboard's turnover also increased slightly. However, total turnover decreased since the turnover for the previous business area AssiDomän Timber is no longer included in Sveaskog's accounts after 1 July 2003. From this time, this business

area is part of the associated company Setra Group, whose turnover is not included in Sveaskog's consolidated accounts. Profit before tax for the first quarter totalled SEK 234 (275) million. Sveaskog's share of the Setra Group's result totalled SEK –18 million for the first quarter. During the first quarter of 2003, AssiDomän Timber's operating profit was SEK 41 million. The market situation for the Swedish paper and pulp industry is still hesitant even though the level of capacity utilisation is high and production volumes have increased slightly.

However, demand is still dampened by high stocks and the order inflow is lower than for the manufacturing industry as a whole. However, the general cyclical development indicates a potential for increased demand. Price increases have been notified in the pulp market.

SBAB's net interest continued to develop in a stable way during the first quarter and the outcome was 2 per cent better than the corresponding period last year. The development of net interest income is positive with good lending in the private market, restructuring of the loan portfolio and good earnings for borrowing operations. Compared to the corresponding period last year, the earned interest effect on the flows and shareholders' equity is slower due to falling market interest rates. Profit before tax was SEK 193 (192) million.

Green Cargo's turnover decreased by SEK 31 million to SEK 1,570 (1,601) million. The loss before tax was SEK –11 (–2) million. Despite a negative volume development for the railway of 2 per cent, the parent company has improved its result due to higher prices for rail transport and a good development in the division for third-party logistics. The largest part of the deterioration in earnings is explained by a provision for costs of SEK 8 million for rationalisation in the subsidiary NTR.

Teracom's turnover increased by 7 per cent in the first quarter compared to the corresponding period last year and totalled SEK 45 (420) million. This increase is primarily due to a stable growth of the number of digital TV subscribers, increased income from broadcasts of digital TV and a continued positive development for data and TV communications. There was a great increase in earnings. Profit before tax for the first quarter was SEK 18 million in comparison with a loss of SEK 18 million in the corresponding period last year. During the period, the parent company, Teracom

AB, showed a positive development of earnings. Thanks to efficiency improvements and increased income, Boxer TV-Access continued to reduce its loss according to plan. Teracom Components also reduced its loss, while Teracom Mobile Links showed a weakly negative development of earnings.

SJ's turnover decreased by 6 per cent to SEK 1,387 (1,472) million. The loss before tax was SEK –47 (–5) million. Before the introduction of SJ's new price model on 14 February 2004, it could be noted that travel decreased by a couple of per cent relative to the previous year, at the same time as customers preferred the cheaper tickets. After introduction of the pricing model, travel in second class and Just Nu (Just Now) has increased by 6 per cent. In all, this means unchanged travel in relation to the previous year. Through control of costs, SJ has been able to counteract some of the reduction in income, which is due to an increasing number travelling more cheaply. In March, punctuality was 94 (92) per cent, which is the best result since the turn of the millennium. SJ has made a number of staff redundant. In all 710 posts internally and externally have been affected in this process.

SEK's turnover increased during the first quarter and totalled SEK 1,322 (1,314) million. Profit before tax decreased and totalled SEK 144 (169) million. The reduction in earnings was due to increased costs related to the reinforcement and broadening of business activities and to certain effects that arose in connection with the change of ownership in 2003. The new long-term borrowing, i.e. borrowing with original terms exceeding a year, achieved a volume during the period equivalent to SEK 19,202 (14,016) million. Net interest totalled SEK 199 (203) million.

LKAB's net turnover increased by approximately 34 per cent or SEK 494 million compared to the first quarter in 2003 and totalled SEK 1,952 (1,458) million. This increase is primarily explained by a larger turnover in industrial minerals due to company acquisitions in 2003 and higher iron ore prices. The increase in ore prices of over 20 per cent was temporarily counteracted by a lower delivery volume and a fall in the US dollar exchange rate, 80 per cent of the estimated dollar flow for 2004 is hedged at an exchange rate of SEK 9.04. Profit before tax increased by SEK 143 million to SEK 280 (137) million. All forecasts indicate a new record year for world raw steel production.

Akademiska Hus's rental income totalled SEK 1,115 million, an increase of SEK 35

million, compared to the corresponding period last year. Operating expenses increased compared to last year, mainly due to increased energy prices, while maintenance costs were lower than last year. The investments in maintenance measures made in previous years have led to the standard of Akademiska Hus's properties being generally high and maintenance costs are expected to decrease relatively in future. Net operating income increased slightly to SEK 662 million. Profit after financial items for the period was SEK 210 (170) million. The vacancy ratio increased to 2.2 per cent compared to 1.8 per cent at the turn of the year.

Vasakronan's rental income decreased by SEK 88 million in the first quarter and totalled SEK 667 (755) million. Rental reductions in renegotiated and new leases were 4 (+1) per cent. The vacancy ratio increased to 10 (7). Profit before tax totalled SEK 112 (182) million. It will be some time before demand in the rental market for non-residential premises increases although economic expansion is again taking place. The prospects for 2004 are unchanged. The forecast is for profit before tax, before capital gains and any write-downs amounting to SEK 350 (585) million.

TeliaSonera's net sales totalled SEK 19,946 (20,349) million and were at the same level as last year, adjusted for exchange rate changes. Profit before tax increased to SEK 3,834 (2,772) million. The summary result includes the state's share of income of TeliaSonera's profit after tax of SEK 1,062 (729) million. Continued energetic market initiatives produced results and TeliaSonera has increased its market shares in important segments, in particular in fixed and mobile communications in Sweden. The number of customers increased on an annual basis to 22.4 (20.7) million in TeliaSonera and to 28.9 (21.5) million in the associated companies. Growth continued to be good in mobile communications. Eurasia, Russia, Turkey and Denmark have experienced strong growth while growth in Sweden, Norway and the Baltic countries was lower. In Finland, a greatly increased sales to service suppliers was offset by a fall in the number of end customers. The turnover for Internet and broadband increased in all markets. The

loss of market share in Sweden in fixed telephony has been slowed down and Telia took market shares in the private customer segment during the quarter.

SAS turnover decreased by 8 per cent and totalled SEK 12,567 (13,710) million in the first quarter. Turnover during the year for comparable units and adjusted for currency effects, decreased during the period by 2 per cent or SEK 312 million. The loss before tax was SEK -1,583 (-1,876) million. The earnings summary includes the state's share of SAS's loss after tax at SEK -300 (-342) million. In all, 3.6 percent more passengers flew during the first quarter of the year compared to the corresponding period last year. During the first quarter, approximately 900,000 passengers flew with Scandinavian Airlines and Braathens for a price per journey (including taxes and charges) of under SEK 600. In the tough competition with a very large offering of low-price alternatives, both from the SAS group and new players, the SAS group companies have succeed in retaining their market shares. SAS is working on a restructuring programme, Turnaround 2005, to ensure long-term profitability and competitiveness. Within the framework of the restructuring programme, the SAS group concluded new collective agreements with all trade unions except the Swedish Transport Workers Union. The new agreements take effect from April and SAS is expecting reduced costs for the whole year in Turnaround 2005 of SEK 6 billion compared to 2003.

INVESTMENTS

Gross investments for companies operating under market conditions increased by SEK 1,537 million or 49 per cent in the first quarter compared to the corresponding period last year. In principle, the whole increase is accounted for by Vattenfall. Vattenfall increased its gross investments by 85 per cent or SEK 1,494 million to SEK 3,257 (1,763) million. LKAB was responsible for the second largest increase of SEK 97 million. Posten had the largest decrease of its gross investments with a reduction of SEK 115 million.

CASH FLOW

The cash flow from operating activities decreased by SEK 5,124 million. SEK's cash

flow decreased greatly by SEK 9,795 million to SEK 11,223 (1,428) million. The cash flow was, however, wholly covered by income generated in financing activities. Vattenfall accounted for the greatest increase in its cash flow from operating activities with an increase of 113 per cent or SEK 4,069 million to SEK 7,660 (3,591) million.

IMPORTANT EVENTS

Green Cargo's future was dealt with in a Government Bill submitted to the Riksdag on 22 April. The bill contains an operating programme of measures for Green Cargo to become more efficient and for structural change, i.e. collaboration and ownership issues. The bill also includes financial reinforcement to cope with Green Cargo's future investment requirements. The Riksdag will take a decision in the matter on 18 June.

LKAB's earnings have been charged with a one-off cost in the form of a donation to Luleå University of Technology of SEK 100 million to establish a research centre for mining and metallurgy.

SAS's board has decided to incorporate Scandinavian Airlines in Sweden, Norway and Denmark and to integrate the Norwegian operations and Braathens under the name of SAS Braathens. These incorporations are expected to have been carried out by 1 October 2004.

TeliaSonera announced in April its decision to make a public cash offer for all outstanding shares in AS Eesti Telekom. TeliaSonera at present owns 48.91 per cent of the shares in Eesti Telekom, which in turn owns 100 per cent of the mobile operator EMT and the fixed network operator Elion in Estonia.

V&S has made a decision not to make use of the option to acquire an additional 9.9 per cent in Jim Bean Brands Worldwide Inc., which expires on 31 May 2004. This option was part of the agreement in 2001 to acquire 10 per cent of the share capital in Jim Beans Worldwide Inc. and on the establishment of a joint distribution company in USA. Since the collaboration functioned very satisfactorily, V&S sees no need to increase its ownership share.

The group companies operating under market conditions includes:

Akademiska Hus AB, Civitas Holding AB (Vasakronan), AO Dom Shvetsii, GreenCargo, Imego, Kasernen, Lernia, LKAB, Posten, Swedish Space Corporation, SAS, SBAB, SJ AB, Swedish Ships Mortgage Bank, Specialfastigheter, Stattum, Sveaskog, Swedcarrier, Swedesurvey, Svensk exportkredit, Sweroad, TeliaSonera, Teracom, Vasallen, Vattenfall, Venantius and V&S Vin & Sprit.

Companies with special societal interests

Companies with special societal interests are characterised by one or more of the following:

- The owner, the state, controls the operation in a tangible and direct manner.
- They operate in a market with special conditions.
- Some of the companies operate wholly or partly without competition, while others operate in a fully competitive market.

Special objectives are set for companies with special societal interests, according to which, among other things, the required returns depart from what is usual in the businesses operated under market conditions. Assessment and monitoring are based partly on qualitative parameters derived from economic or sector policy objectives and efficiency/performance requirements. The requirements for, for instance, cost effectiveness can be set at a high level even though other objectives are very important. The degree of societal interest and the owner's control differs greatly between the different companies in this group.

EARNINGS AND TURNOVER

Turnover for companies with special societal interests was in principle unchanged in the first quarter compared to the corresponding

period last year and totalled SEK 23,735 (23,672) million. Earnings improved by 24 per cent in the first quarter compared to the corresponding period last year. Profit before tax amounted to SEK 1,522 (1,223) million. Svenska Spel improved its earnings by 10 per cent or SEK 118 million. Svenska kraftnät's profit before tax increased from SEK 142 million to SEK 251 million and the Swedish Maritime Administration's from SEK 76 million to SEK 136 million.

Apoteket's turnover for the first quarter totalled SEK 8,464 (8,333) million, which is an increase of SEK 131 (514) million or 2 (6) per cent compared to the corresponding period last year. The weaker increase in income compared to last year is a consequence of the patent expirations for predominant preparations and generic replacement by cheaper pharmaceutical products. The increase in

income of SEK 131 million relates to a continued positive development in the services and self-care sector. Sale of pharmaceutical products on prescription decreased during the period in comparison with the corresponding period last year. Profit before tax improved and totalled SEK 34 (6) million.

Systembolaget's turnover during the first year was SEK 3,928 (4,018) million, which is a reduction of 2 per cent. The loss before tax was SEK –28 (–39) million, which was an improvement in earnings of SEK 11 million. The improvement in earnings is mainly due to lower costs compared to the last year for refurbishment, external services and IT costs. Systembolaget usually has a relatively low level of sales in the first quarter. The sales volume in litres continues to increase while sales expressed in pure alcohol are at the same level as last year.

COMPANIES WITH SPECIAL SOCIETAL INTERESTS

SEKm	Jan–Mar 2004	Jan–Mar 2003	Change, %	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Net sales	23,735	23,672	0	96,311	96,247
Operating profit	1,764	1,457	21	6,026	5,719
Profit before tax	1,522	1,223	24	4,975	4,677
Net profit/loss	1,481	1,172	26	5,104	4,795
Gross investment	907	1,168	–22	6,550	6,811
Cash flow from operating activities	700	936	–25	7,431	7,668

SEKm	31 March 2004	31 December 2003	Change, %	31 Mar 2003
Shareholders' equity	27,686	25,406	9	25,763
Total assets	94,787	91,744	3	89,304
Average no. of employees incl. associated companies	50,468	51,098	–1	48,680

%	Rolling 12 months Apr 2003–Mar 2004	Jan–Dec 2003
Return on shareholders' equity	19.1	19.2
Equity/assets ratio	30.1	28.3

The total sales of beverages were 74.4 (73.2) million litres during the first three months of the year, which is an increase of 2 per cent compared to the corresponding period last year. Sales of spirits decreased by 398,000 litres compared to the corresponding period last year, which is a reduction of 8 per cent.

Svenska Spel's turnover increased during the first quarter compared to the corresponding period last year and totalled SEK 5,036 (4,916) million. Profit before tax increased by 10 per cent compared to the corresponding period last year and totalled SEK 1,266 (1,148) million. Gaming income from Casino Cosmopol increased during the period by just under 75 per cent to SEK 203 (116) million. Turnover for Turspel, with trademarks such as Lotto, Kemo and Triss, increased by 3 per cent to SEK 2,025 (1,973) million. With the framework of taking social responsibility and the regulatory framework, the rate of growth for slot machine games (Jack Vegas and Miss Vegas) has flattened out in the first quarter of 2004. Among other things, this is due to the extensive, long-term action programme that has been carried out in the sphere of taking responsibility for gambling.

Samhall's turnover totalled SEK 1,970 (2,045) million in the first quarter. This reduction is partly a consequence of the successive changeover from industrial to service activities. Samhall is reporting a loss of SEK 21 (100) million for the first quarter. The number of transfers to regular employment in the period was 198 (295) persons. This is equivalent to approximately 4 per cent of the workforce in rolling 12-month values. According to the agreement with the state, the number of transfers for the full-year 2004 is to be at least 5 per cent of the workforce. Recruitment from prioritised groups totalled 31 (40) per cent in the period. According to the agreement with the state, recruitments from prioritised groups shall total at least 40 per cent for the full-year 2004. The number of hours

worked in the period totalled 6.9 (7.3) million. The number of hours worked decreased by 5 per cent compared to the same period last year and is in line with the set time volume for 2004 of 26.4 million hours.

The Civil Aviation Administration's turnover for the first quarter totalled SEK 1,397 (1,338) million. The number of passengers at the Civil Aviation Administration's airports increased by 1 per cent in the first quarter compared to the corresponding period last year. The number of international passengers increased by 5 per cent while domestic passengers decreased by 3 per cent. The Civil Aviation Administration is reporting a loss of SEK 16 million for the first quarter, to be compared with a profit before tax of SEK 5 million last year. The deterioration in earnings is mainly due to increasing operating and capital expenses for new facilities, which have been commissioned, in particular at Arlanda Airport. The Civil Aviation Administration's programme of measures is proceeding according to plan and to date improvements in earnings of more than SEK 500 million have been achieved.

Svenska kraftnät's turnover amounted to SEK 1,182 (1,265) million. This reduction is mainly due to a reduction in balance charges, as a result of the lower electricity price during the winter. Net profit improved greatly compared to the corresponding period last year and totalled SEK 251 (142) million, which is largely due to lower costs for balance power. A one-off effect of SEK 25 million for transit compensation in the Nordic countries from last year improved earnings for the first quarter. During the past winter, the power situation has been good and all production and transmission capacity was available during the coldest winter days. This, together with the good import opportunities, led to Svenska kraftnät having good margins in the peak power consumption on 22 January at 26,900 MW.

The Swedish Maritime Administration's turnover for the first quarter was SEK 530

(491) million. Of this income, traffic income accounts for 87 per cent of this turnover. The gross-based part of fairway charges increased by SEK 18 million compared to the corresponding period last year and the cargo-based part increased by SEK 10 million. Profit before tax in the first quarter improved compared to the corresponding period last year and totalled SEK 136 (76) million.

Svensk Bilprovning's turnover for the first quarter totalled SEK 389 (376) million, which is an increase of over 3 per cent compared to the corresponding period last year. Despite a reduction of the average price by 0.8 per cent, turnover increased due to an increase in volume of 5.1 per cent. Profit before tax deteriorated by 42 per cent compared to the corresponding period last year and totalled SEK 34 (61) million. The deterioration mainly depends on increased operating and staff expenses.

INVESTMENTS

Gross investments for companies with special societal interests decreased by 22 per cent during the first quarter compared to the corresponding period last year and totalled SEK 907 (1,168) million. Statens väg- och baninvest and the Civil Aviation Administration accounted for the largest part of the reduction. Svenska Spel and the Swedish Maritime Administration increased their investments.

CASH FLOW

The cash flow decreased by 25 per cent during the first quarter compared to the corresponding period last year. The cash flow from operating activities totalled SEK 700 (937) million. Systembolaget improved its negative cash flow from SEK -1,202 million to SEK -957 million and Svenska Spel improved its cash flow from SEK 219 million to SEK 452 million. The cash flows of Apoteket and Svedab deteriorated greatly at SEK 500 million and SEK 849 million respectively.

The group companies with special interests includes:

A-banan, Almi, Apoteket, Bostadsgaranti, Bothia Garanti, Dramaten, Göta Kanal, Ireco, the Civil Aviation Administration, Norrland Center, Operan, Samhall, the National Maritime Administration, SOS, SP, Statens väg- och baninvest, Svedab, Swedfund, Svensk Bilprovning, Svenska Kraftnät, Svenska Miljöstylningsrådet, Svenska Spel, Sveriges Rese- och Turistråd, Systembolaget and Voksenåsen.

State ownership of listed companies

The upswing on the Stockholm stock exchange Stockholmsbörsen continued in the first quarter of 2004. Affärsvärlden's general index increased by 8 per cent. The state portfolio performed more weakly than the index during the first quarter primarily due to the deterioration in TeliaSonera's

share price. The market value of the state portfolio fell by 10 per cent in the first quarter and totalled SEK 100 billion on 31 March 2004, which made the state the largest owner on Stockholmsbörsen. After the end of the first quarter, the state's share portfolio has lost 5 per cent of its value by

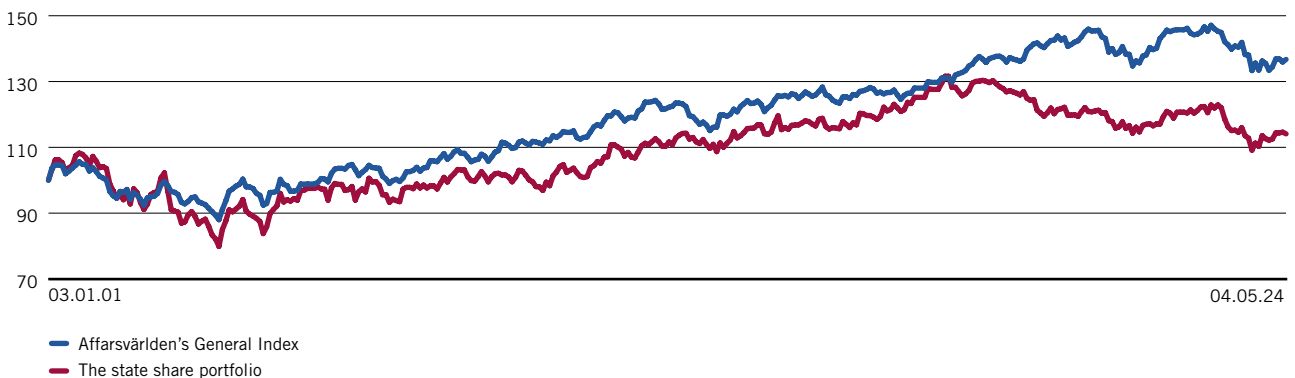
7 May. TeliaSonera's share price decreased by 13 per cent in the first quarter. Nordea Bank's share decreased by 5 per cent in the first quarter and the SAS share by 2 per cent. The OMHEX share increased by 19 per cent in value, however, during the first quarter.

THE MARKET VALUE OF THE STATE PORTFOLIO 2000–2004, SEKm¹⁾

COMPANY	Ownership share									
	7 May 04, %	7 May 04	31 Mar 04	30 Dec 03	30 Sep 03	30 Jun 03	31 Mar 03	30 Dec 03	28 Dec 01	29 Dec 00
Nordea Bank AB	19.0	27,643	27,914	29,269	23,903	20,922	20,271	20,813	30,082	38,754
OMHEX AB	6.9	791	851	715	615	456	298	333	1,103	1,862
SAS AB	21.4	2,415	2,344	2,397	2,221	1,551	1,269	1,741	2,397	3,173
TeliaSonera AB	45.3	64,396	69,268	79,647	71,174	70,327	51,474	69,480	98,920	102,736
Total		95,244	100,377	112,028	97,913	93,255	73,313	92,367	132,502	146,525
Total excl. TeliaSonera		30,849	31,109	32,381	26,739	22,928	21,839	22,887	33,582	43,789

¹⁾ Civitas Holdings holding in the formerly listed company Celtica has been sold and the comparison figures have accordingly been recalculated.

SHARE PRICE PERFORMANCE OF THE STATE'S SHARE PORTFOLIO COMPARED WITH AFFÄRSVÄRLDEN'S GENERAL INDEX



The holding in TeliaSonera accounted for approximately 69 per cent of the state's share portfolio on 31 March 2004. In the first three months of the year, the TeliaSonera share performed less well than Affärsvärlden's general index.

Changes in executive managements and boards

CHANGES IN EXECUTIVE MANagements AND BOARDS

Akademiska Hus	Claes Ljungh replaces Lennart Nilsson as chairman on 29 April 2004.
Dom Shvetsii	Sebastian FitzLyon replaces Risto Koppeli as managing director.
Imego	Christina Ullenius replaces Mauritz Sahlén as chairman on 29 March 2004.
Operan	Anders Franzén replaces Bengt Hall as managing director on 1 April 2004.
Samhall	Birgitta Böhlin replaces Göran Sevebrandt as managing director on 1 March 2004.
SBAB	Eva Cederbalk replaces Christer Malm as managing director on 24 March 2004.
Swedesurvey	Stig Jönsson replaces Joakim Ollén as chairman on 23 April 2004.
Svenska Spel	Meg Tivéus is to resign as managing director at the annual general meeting in 2005.
Sveriges Rese- och Turistråd	Lars Carmén replaces Karl-Erik Strand as managing director. Elisabeth Nyström replaces Lars Carmén as chairman on 30 March 2004.
Teracom	Göran Arvedahl replaces Jan Danielsson as acting managing director on 26 March 2004.

Accounting principles

The report includes 47 of 52 state-owned companies, excluding companies in process of being wound up and companies where the state holding is less than 20 per cent (OMHEX AB, Nordea Bank AB, Sydkraft, SAKAB and SIS Miljömärkning AB). Furthermore, the holding company Civitas Holding AB has not been included, although its subsidiary Vasakronan AB is included. Associated companies, with an ownership share exceeding 20 per cent have been included in the result according to the share. As from the second quarter of 2003,

Svenska Skogsplantor is included in Sveaskog's consolidated accounts.

A/O Dom Shvetsii, Norrland Center AB, AB Svenska Miljöstyvningsrådet and Voksenåsen A/S have not been included in the report.

For property companies, rental income has been treated as turnover. For financial companies, turnover has been defined as the total of net interest income, commissions and other net income.

For activities with appropriations, this is included in the turnover. This applies, for

instance, to Samhall's compensation for additional costs and the appropriations for Kungliga Opera (Royal Opera) and Kungliga Dramatiska Teatern AB (Royal Dramatic Theatre). Svenska Spel is exempt from tax.

Some of the companies in the consolidated accounts have adjusted their historical comparative figures for various reasons. In the cases where the changes have had a significant effect, the comparative figures in the consolidated accounts have also been adjusted.

Definitions

Profit/loss before tax

Stated exclusively of minority share.

Equity/assets ratio

Shareholders' equity including minority share as a percentage of total assets.

Return on shareholders' equity

Profit after tax in relation to average shareholders' equity.

Financial information

- The interim report for January–June 2004 will be published on 13 September 2004.
- The interim report for January–September 2004 will be published on 24 November 2004.

Report dates for state-owned companies

Company	Annual General Meeting	Interim report January–March 2004	Interim report January–June 2004	Interim report January–September 2004	Report on operations January–December 2004
A-Banan projekt AB	.04.05.26	.n.a.	.n.a.	.n.a.	.n.a.
Akademiska hus AB	.04.04.29	.04.05.06	.04.08.26	.04.11.05	.05.02.28
ALMI Företagspartner	.04.05.25	.n.a.	.04.08.11	.n.a.	.05.01.28
Apoteket AB	.04.04.14	.04.05.10	.04.08.24	.04.11.08	.05.01.31
Bostadsgarantin, AB	.04.04.10	.n.a.	.n.a.	.n.a.	.n.a.
Civitas Holding (Vasakronan)	.04.04.27	.04.04.27	.04.07.12	.04.10.26	Jan 2005
Dom Shvetsii	.04.05.14	.n.a.	.n.a.	.n.a.	.n.a.
GreenCargo AB	.04.04.29	.n.a.	.n.a.	.n.a.	.n.a.
Göta Kanalbolag	.04.04.19	.n.a.	.n.a.	.n.a.	.n.a.
Imego AB	.04.03.29	.n.a.	.n.a.	.n.a.	.n.a.
Ireco Holding AB	.04.04.23	.n.a.	.n.a.	.n.a.	.n.a.
Kasernen Fastighets AB	.04.03.25	.n.a.	.n.a.	.n.a.	.n.a.
Kungliga Dramatiska Teatern AB	.04.04.21	.04.05.07	.04.09.05	.04.11.08	.n.a.
Kungliga Operan AB	.04.05.18	.04.05.07	.04.09.05	.04.11.08	.n.a.
Lernia AB	.04.04.15	.04.04.30	.04.08.30	.04.10.29	.05.01.28
LKAB	.04.04.28	.04.04.28	.04.08.12	.04.11.27	Feb 2005
Civil Aviation Administration	.04.02.16	.04.05.25	.04.08.25	.04.11.25	.05.02.25
Nordea Bank AB	.04.03.31	.04.04.28	.04.08.18	.04.10.27	.n.a.
Norrland Center AB	.04.05.26	.n.a.	.n.a.	.n.a.	.n.a.
OMHEX AB	.04.03.25	.04.04.20	.04.07.21	.04.10.29	.n.a.
Posten AB	.04.04.28	.04.04.28	.04.08.26	.04.11.08	.05.02.25
The Government Offices	.n.app.	.04.05.28	.04.09.13	.04.11.24	Mar 2005
Samhall AB	.04.04.19	.04.04.28	.04.08.27	.04.11.02	.05.02.24
SAS AB	.04.04.22	.04.05.05	.04.08.11	.04.11.02	.05.02.01
SIS Miljömärkning AB	.04.05.24	.n.app.	.04.09.13	.n.a.	Mar 2005
SBAB	.04.03.24	.04.05.06	.04.08.26	.04.11.04	.n.a.
SJ AB	.04.04.15	.04.05.01	.04.08.01	.n.a.	.n.a.
Swedish Maritime Administration	.public	.04.04.27	.04.08.13	.04.10.29	.n.a.
SOS Alarm Sverige AB	.04.03.25	.04.04.29	.04.08.27	.04.10.29	.05.01.28
SP Sveriges Provnings och Forskningsinstitut AB	.04.04.14	.04.04.23	.04.08.13	.04.10.29	.05.02.18
Specialfastigheter Sverige AB	.04.04.21	.04.04.23	.04.08.30	.04.10.25	.n.a.
Statens väg- och baninvest AB	.04.06.11	.04.05.01	.04.08.01	.04.11.01	.05.02.01
Stattum, Förvaltningsaktiebolaget	.n.a.	.n.a.	.n.a.	.n.a.	.n.a.
Sveaskog AB	.04.04.28	.04.04.28	.04.08.25	.04.10.25	.05.01.31
Svedab	.04.04.29	.n.a.	.04.08.27	.n.a.	.n.a.
Swedcarrier AB	.04.03.25	.04.04.30	.04.07.30	.04.10.30	.05.02.28
Swedesurvey AB	.n.a.	.n.a.	.n.a.	.n.a.	.n.a.
Swedfund International AB	.04.04.28	.04.04.30	.04.07.30	.04.10.30	.05.01.30
Svensk Bilprovning AB	.04.04.21	.04.04.30	.04.08.31	.04.10.29	.05.01.31
Svensk Exportkredit AB	.04.04.26	.n.a.	.n.a.	.n.a.	.n.a.
Svenska kraftnät, Affärsverket	.public	.04.05.31	.04.08.31	.04.11.30	.05.02.28
Svenska Miljöstylningsrådet, AB	.04.06.15	.n.app.	.n.app.	.n.app.	.n.app.
Swedish Space Corporation	.04.05.04	.04.05.28	.04.09.13	.04.11.24	Jan 2005
Swedish Ships Mortgage Bank	.govt. decision	.n.a.	.n.a.	.n.a.	.n.a.
Svenska Spel AB	.04.04.27	.04.04.23	.04.07.19	.04.10.25	.05.01.23
Sveriges Rese- och Turistråd AB	.04.03.30	.n.a.	.n.a.	.n.a.	.n.a.
Sweroad AB	.04.04.27	.04.04.30	.04.08.31	.n.a.	.n.a.
Systembolaget AB	.04.04.26	.04.05.15	.04.08.25	.04.11.03	.05.01.31
TeliaSonera AB	.04.04.17	.04.04.17	.04.07.28	.04.10.27	.n.a.
Teracom AB	.04.04.20	.04.05.05	.04.08.30	.04.10.28	.05.02.28
V&S Vin & Sprit AB	.04.03.25	.04.04.29	.04.08.23	.04.10.29	.n.a.
Vasallen AB	.04.04.22	.04.04.28	.04.08.31	.04.10.27	.05.02.28
Vattenfall AB	.04.04.22	.04.04.27	.04.07.29	.04.10.27	.n.a.
Venantius AB	.n.a.	.04.05.10	.04.09.10	.04.11.10	.n.a.
Voksenåsen AS	.04.05.14	.04.05.07	.04.09.05	.04.11.08	.n.a.

The state is the largest owner of enterprises in Sweden. Approximately 200,000 people are employed in state-owned enterprises. The sector harbours substantial wealth and includes some of Sweden's largest companies. Accordingly, the state has as an important responsibility to be an active and professional owner. The overall objective for the Government is for the companies to create wealth and, where relevant, to serve specific societal interests. The quarterly interim reports are a tool for increasing the transparency of the state-owned companies.



REGERINGSKANSLIET

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