ANNUAL REPORT 2004

INVESTOR'S HISTORY 1916–1923

Investor was founded in 1916 by Stockholms Enskilda Bank (**SEB**), when new legislation restricted Swedish banks from owning shares in industrial companies on a long-term basis. Holdings in Atlas Diesel (**Atlas Copco**), Scania-Vabis (**Scania**) and other companies are transferred to Investor. **Net asset value on Dec. 31, 1917 SEK 55 m.**

Welcome to Investor

Investor, established in 1916, is the largest industrial holding company in the Nordic region. Investor contributes to the development of its holdings primarily through committed ownership work. Our companies are given access to the contacts, competence and experience in Investor's professional organization and international network. Investor focuses on the special circumstances and potential of each individual holding in order to contribute to healthy long-term value creation in companies and ultimately for Investor's shareholders.



Vision

To be a premier builder of best-in-class companies.

Goal

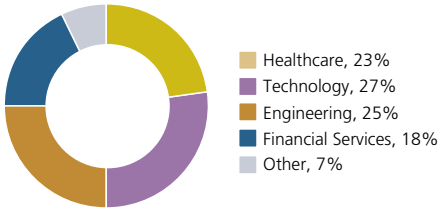
To grow Investor's net asset value in excess of market cost of capital over a business cycle.

Business concept

To create long-term value for Investor's shareholders by building companies in sectors where we have a strong knowledge and networking advantage.

BUSINESS ENVIRONMENT 1916–1923

World War I raged during 1914-18 and had a major impact on the economy in Sweden and the world. High inflation led to a sharp decline in real incomes. Many companies were suffering from the difficult times. As a result, one-third of Sweden's companies ended up in bank receivership in connection with bankruptcies.



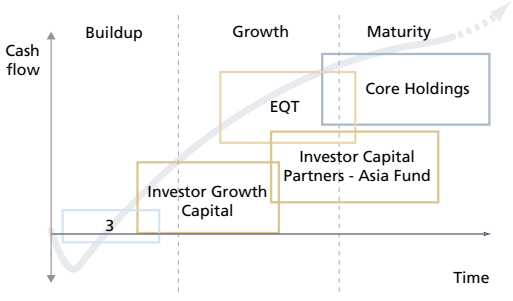
Sectors

Investor has more than 130 holdings in the following strategically selected sectors: Technology, Engineering, Healthcare and Financial Services.



Geographic markets

Investor has directly invested in companies in three geographic markets: Northern Europe, the United States and Asia. Investor has offices in Amsterdam, Hong Kong, New York, Palo Alto, Stockholm and Tokyo.



Development stages

Investor has a flexible investment strategy allowing investments in companies in different stages of development, from start-ups to mature global industrial corporations.

INVESTOR'S HISTORY 1924 – 1936

1924: The pharmaceutical company Astra (**AstraZeneca**) was bought for SEK 1. 1925: Investor becomes a large owner of Asea (**ABB**) and Marcus Wallenberg Sr. was elected Investor's chairman. **Net asset value on Dec. 31, 1930: SEK 48 m.**

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This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

PRESIDENT'S COMMENTS

The trend of a rising net asset value continued for Investor during 2004. A number of holdings reported clear earnings improvement and their stock prices rose considerably.

Read more on page 4

BUSINESS CONCEPT AND STRATEGY

In order to achieve superior long-term value creation among its holdings, Investor's strategy is to focus on each individual holding by stimulating their entrepreneurial thinking, building and developing their network and contributing capital.

Read more on page 6

NOVARE HUMAN CAPITAL

Novare Human Capital operates in a structured manner to ensure that Investor and its holdings have the right people and right competence in the right place.

Read more on page 14

INVESTOR'S HOLDINGS

Investor's portfolio comprises 11 core holdings, approximately 100 new investments and a number of other holdings, such as the mobile operator "3".

Read more on page 20

INVESTOR IN FIGURES

The positive development of Investor's net asset value in 2004 was due to a strong year for stock markets, with many of Investor's core holdings reporting earnings improvement and stronger balance sheets. The New Investments business generated a strong cash flow and recorded its best year since 2000.

Read more on page 33

CORPORATE GOVERNANCE

Investor's corporate governance practices are based on Swedish law, primarily the Swedish Companies Act, the Listing Agreement of the Stockholm Stock Exchange and the rules and recommendations issued by relevant Swedish organizations. In December 2004, a Swedish Code of Corporate Governance was presented with the aim to put it into practice as of mid-2005. Investor has gradually started to adopt the new corporate governance code.

Read more on page 40

BUSINESS ENVIRONMENT 1924–1936

After the end of World War I, the economy improved temporarily, but the world was starting to enter a difficult depression. 1932: the stock market crash reached Sweden and Ivar Kreuger's empire collapsed.

Highlights of 2004

- Investor's net asset value increased from SEK 83 bn. to SEK 90 bn.

Read more on page 33

- Investor increased its stake in Scania and the holding company Ainax. Shares in AstraZeneca were sold.

Read more on page 33

- For the second consecutive year, the New Investments business contributed to Investor's net asset value growth and generated a positive cash flow.

Read more on page 34

- The mobile operator 3 enjoyed a good year with strong subscriber growth. The company's network and range of services were expanded in Sweden and Denmark.

Read more on page 27

- Operating costs were reduced by another 9 percent.

Read more on page 35

- Net debt was reduced from 20 to 15 percent.

Read more on page 36

- The total return on Investor shares was 25 percent.

Read more on page 37

- The proposed ordinary dividend to shareholders is SEK 2.25 per share.

Read more on page 38

INVESTOR'S HISTORY 1937–1950

1937: Svenska Aeroplan AB (**SAAB**) was formed. 1940: Investor established an office in New York. 1945: Investor sold its remaining railroad interests. 1948: Investor increased its stake in Astra. 1950: Investor became a large owner of **Ericsson**.
Net asset value on Dec. 31, 1950: SEK 207 m.

President's comments

The trend of a rising net asset value continued for Investor during 2004. A number of our holdings reported clear earnings improvement and their stock prices rose considerably. Ericsson, SEB and Gambro accounted for most of the increase in Investor's net asset value, while AstraZeneca impacted the value trend negatively. The New Investments business recorded its best year since 2000 and contributed positively to Investor's net asset value.

The total return on Investor shares was 25 percent during the year. It is gratifying that our shareholders, after the dramatic stock market decline in the beginning of the new millennium, were able to realize a total return of close to 80 percent over the past two-year period.

A new cost efficiency program was launched in the beginning of the year and our operating expenses were reduced by another 9 percent in 2004. We also reduced our debt by selling part of our holding in AstraZeneca in February 2004. Our debt is now down to a level that gives us considerable financial flexibility to take advantage of future business opportunities. Among our core holdings, we increased our stake in Scania during the year both directly and indirectly via Ainax. The background to this investment is that we saw an attractive value potential in Scania/Ainax and we wanted to participate in creating a solution to Scania's uncertain ownership situation.

Strong performance by core holdings

Most of Investor's 11 core holdings performed strongly during the year. The comprehensive efficiency programs conducted within the companies over the past few years, in combination with an improved economy, resulted in a positive trend of profits and stronger balance sheets. Going forward, the big challenge will be to create future opportunities for profitable growth. Given today's intensely competitive global business environment, corporate processes, products and market positioning must be constantly re-evaluated to maintain a leading position. Investments in existing operations and making selective acquisitions are central components of continued future growth. The latter require careful evaluation and reasonable company valuations.

Among our large holdings, Ericsson's intensive efficiency improvement programs of the past few years have paid off, particularly since the major telecom operators have resumed new capital investments. The result has been a healthy trend of earnings for Ericsson. SEB also experienced rising volumes in a number of business segments and has maintained stable costs and a low level of credit losses. In 2004, SEB made several small, attractive add-on acquisitions. The bank's stock price hit a record high towards the end of the year and SEB was Investor's largest single holding on December 31, 2004. In the fourth quarter, Gambro reached an agreement to sell its clinics business in the U.S. This was an important strategic decision that will also release considerable capital.

The year 2004 has been challenging for AstraZeneca. The company's anticoagulant, Exanta, was not approved in the U.S. and new research findings questioned the efficacy of its cancer drug Iressa. At the same time, the entire pharmaceutical industry has been re-evaluated. Questions have been raised about the drug approval process in different markets. A number of pharmaceutical companies have also been forced to withdraw products because of unsatisfactory safety profiles. AstraZeneca has taken additional measures to increase the efficiency of its operations, including the company's application process for the approval of pharmaceuticals. Investor has been well acquainted



with AstraZeneca's business for many years and believes strongly in the company's power of innovation. AstraZeneca also has several new growth products on the market, such as Seroquel and Arimidex, and a strong financial position.

New Investments' best year since 2000

All units within New Investments performed positively for the year, despite an uneven financial market environment for initial public offerings. Many holdings reported improved market conditions and strong earnings, which was also reflected in positive value creation. The broadband market in particular has shown strong development, which has favored Bredbandsbolaget, among other holdings. Investor has been active in both the investment and exit markets. However, since there were more exits than new investments, New Investments generated substantial capital gains and positive cash flow for the year.

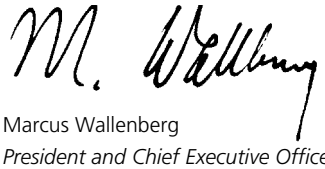
Surplus values transparent through IFRS

Due to the new IFRS accounting regulations, which are valid as of 2005, Investor is also changing the valuation principles for the calculation of Investor's net asset value. This means, among other things, that we will also report estimated surplus values of unlisted holdings in the future.

Breakthrough year for mobile operator 3

In 2004, interest in the mobile broadband market picked up considerably in several areas of the world, generating strong subscriber growth for 3 globally. 3 Scandinavia also took several important steps in its work to establish itself as a leading market player. The number of subscribers increased dramatically and, by mid-December, 3 had 350,000 subscribers in Sweden and Denmark. The network has been built out gradually, and in tests, the 3G network in Sweden has been judged to be the best in Stockholm, Gothenburg, Malmö and other areas. More than half of the planned investment in 3 has now been completed and the investment volume in 2005 is expected to be lower than in 2004.

We can look back on a positive year and I am confident about the longer term future. We have reduced our costs and strengthened our financial position, which gives us scope for making new attractive investments. We have a range of companies which represent a broad distribution of risk but also have attractive return potential. Finally, we have a professional and performance-oriented organization that is focused on contributing to the development of our holdings and healthy long-term value creation for Investor's shareholders.



Marcus Wallenberg
President and Chief Executive Officer

INVESTOR'S HISTORY 1951–1970
1956: Investor became a major owner of **Electrolux**. 1963: Incentive was founded to buy and develop small companies with interesting technology. 1969: Saab and Scania-Vabis merged to form Saab-Scania.
Net asset value on Dec. 31, 1970: SEK 769 m.

Business concept and strategy

Investor is a committed owner that builds and develops best-in-class companies. Long-term value creation in holdings builds Investor's net asset value and ultimately creates growing value for Investor's shareholders.

Business concept

Investor's business concept is to create long-term value for shareholders by building best-in-class companies in sectors where we have a strong knowledge and networking advantage. Investor contributes to the development of holdings primarily through committed ownership work.

Investment strategy

Investor's investment strategy is focused on a number of selected sectors with attractive return potential – Technology, Engineering, Healthcare and Financial Services – in three strategically selected geographic markets – the United States, Northern Europe and Asia. Investor also invests in companies in various stages of development. Investor's investment strategy also allows the company to take advantage of business opportunities outside the above-mentioned sectors and markets. The objective is to create healthy long-term growth in Investor's net asset value.

Strategy for building best-in-class companies

In order to achieve healthy long-term value creation among its holdings, Investor's strategy is to focus on each individual holding by stimulating their entrepreneurial thinking, using and developing their network, and contributing capital.

FOCUSING ON EACH INDIVIDUAL HOLDING

As an owner, Investor is committed to all its holdings, large and small, primarily through our work on their boards which is adapted to meeting the specific needs and challenges of each holding. To be an effective owner, it is important that Investor has sufficient influence with each holding in order to contribute to the development of the companies in a substantial manner. Therefore, Investor usually strives to always have a significant ownership stake. In general, board work has the important tasks to:

- appoint CEOs and ensure that companies are well organized,
- help define and track the business focus and general strategic and operational objectives,
- decide on the capital structure, dividend policies, investments, structural deals, and
- carefully monitor the financial performance and reporting of companies.

Board participation provides the platform for working closely with the managements of holdings and participating in important strategic decisions concerning their future. Investor's analysts also monitor the performance of holdings, competitors and overall industry trends with the goal of identifying value-creating opportunities.

STIMULATING ENTREPRENURIAL THINKING

Investor strives to enhance the innovation power and entrepreneurial thinking of holdings. It is Investor's firm conviction that a high level of research and development investment is crucial for maintaining a company's long-term competitiveness. It is also important for holdings to boost the efficiency of their processes in order to increase their productivity.

USING AND DEVELOPING THE NETWORK

A network built up over generations of business activities gives Investor access to valuable international business contacts and substantial industrial and financial competence. This network enables, for example, the recruitment of the appropriate senior executive managers and board members for holdings, and helps contribute to their long-term positive development. Finding key people with the right competence for holdings has always been a central part of Investor's work to build successful companies.

CONTRIBUTING CAPITAL

Investor has a flexible investment platform in which capital is supplied on the basis of the holding's specific needs and objectives. Capital is invested in a holding when the potential return is considered to be high, whether the capital is used for expansion or to strengthen a company's balance sheet. In contrast to a fund, Investor has no external commitments that influence decisions on new investments or continuing involvement with holdings. Investor is therefore completely flexible to act on business opportunities when they arise.

BUSINESS ENVIRONMENT 1951 – 1970

In Sweden, the period was characterized by major public infrastructure investments. While the country's highly successful textile and clothing industry virtually disappeared, many other sectors of Swedish industry showed healthy growth. A large number of Swedish corporations achieved international success. However, high inflation eroded the financial soundness of companies and dulled their competitive edge.

Core Holdings

Core holdings are companies with international operations in which Investor is a committed owner with significant influence. The core holdings are well established and have strong market positions in their sectors. Investor has 11 core holdings today: ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Gambro, Saab, Scania, SEB, OMX and WM-data.

Read more on the Web: ch.investorab.com »

Work with the core holdings is carried out primarily at Investor's headquarters in Stockholm. A number of employees work directly with the core holding companies, including analysts, members of Investor's Management Group, the Corporate Finance function and other personnel in corporate functions. Investor's 11 Core Holdings are described in further detail in the "Holdings" section, starting on page 20.

Core Holdings in brief

Geographic focus:	Multinational
Investment stage:	Growth/Mature
Investment horizon:	Long-term
Sector focus:	Healthcare, Technology, Engineering and Financial Services
Ownership:	Minority with significant influence
Board representation:	At least one board member, often chairman
Exit:	Strategic sale or market sale
Return objective:	>10 percent over a business cycle
On December 31, 2004:	
Analysts:	12
Holdings:	11
Value of holdings:	SEK 87,643 m.

Business methodology within Core Holdings

In the core holdings, Investor's role as a committed owner is usually channeled through one to three board members who are closely associated with Investor, often as members of Investor's board or Management Group. In a number of core holdings Investor's representatives hold the position of chairman or vice chairman. Board representatives assume an active role in the work of the board and can also function as discussion partners for management between board meetings. Investor's representatives in core holdings usually have industrial and/or financial experience from top management positions in international corporations.

Investor's Analysis Department is organized into teams covering each industry sector of the core holdings: Healthcare,

GUIDELINES FOR CORPORATE GOVERNANCE

A fundamental principle for Investor's corporate governance of holdings is that a company's needs and specific situation are to be at the center. This is especially valid for Investor's work as an owner and view of corporate governance, which must also be reflected in the composition of the board in terms of the experience and expertise of the members. In addition to its involvement on the board, Investor always participates in annual general meetings. A board whose membership represents diverse experience and expertise is important for enabling dynamic and constructive board work. One or more long-term owners should lead the process to identify suitable board candidates and develop proposals for the annual meeting of shareholders. Tasks for the principal owners of a company, in dialog with other major owners, include evaluating the performance of the present board, identifying potential for improvement, and proposing a new board to the annual general meeting through a nomination committee, for example. Views and suggestions from minority shareholders are also to be considered.

The CEO should normally serve on the board to enable good, close contacts between the board and the executive management team. Board work is also enhanced by having others report regularly to the board in addition to the CEO, and by visiting operations. Professional board work puts heavy demands on representatives, who must be committed and prepared to devote the necessary time to the role. The chairman has the important role to ensure that board work functions smoothly and to serve as the link between the board and management. Investor's does not normally consider it appropriate for a chief executive officer to become chairman immediately after serving as CEO since the board may assume too operative of a role in relation to the newly appointed CEO. To facilitate and increase board efficiency, different committees can be appointed, such as compensation and audit committees.

Technology, Engineering and Financial Services. Investor's analysts continuously monitor and analyze core holdings, their competitors and markets. The analysts' work with holdings plays a central role in Investor's position as a committed and long-term owner, where comprehensive knowledge about the companies, and their industries, is a fundamental factor for creating value. Investor's analysts perform internal valuations to identify and assess potential improvements together with Investor's board representatives in each core holding. Two analysts usually monitor each core holding. Each sector is monitored by three to four analysts. The work of the board representatives and Investor's analysts is conducted in business teams.

Evaluation criteria for core holdings

Investor's Core Holdings are evaluated in a structured manner in accordance with three general criteria: profitable growth, market-leading position and quality. These criteria provide the background for decisions whether Investor should remain committed to a company, or exit it.

Profitable growth

A company's ability to expand its operations while sustaining sound profitability is a prerequisite for creating long-term shareholder value. To achieve healthy growth, companies must adapt to changing trends and leverage attractive business opportunities. Increased population mobility and factory automation are examples, as is the needs of an aging population for care and different savings plans.

Market-leading position

In an increasingly competitive climate, companies must be more and more capable of maintaining profitability to have the resources to invest in new product development and remain an industry leader. Rapid technological advances require greater and greater investment in research and development. In many industries, global presence is important for competitiveness and for achieving attractive continuing growth

Quality

To evaluate quality, it is necessary to evaluate a company's strategy, management, past performance, corporate culture, the competence of its organization, its entrepreneurial thinking, and its financial and operational risks, in addition to market position.

Investor's role as a committed owner also means that it supports and develops companies through periods of change when growth and profit potential remain attractive.

When Investor concludes that a holding should be divested, consideration is given to the company's situation and future development potential. However, exits are always executed with the objective of maximizing return to Investor's shareholders.

"The work of our business teams allows our holdings to quickly benefit from value-creating proposals and ideas."

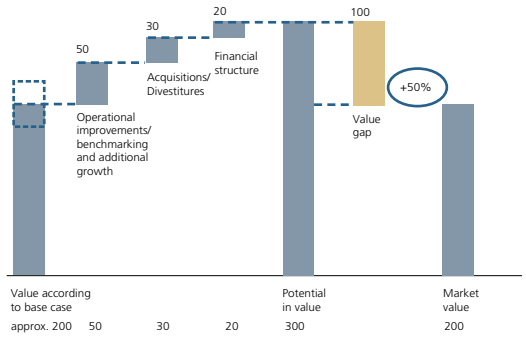
Lars Wedenborn, Executive Vice President of Investor AB, who also serves as a director on WM-data's board.



In his role as a director on WM-data's board, Lars Wedenborn (center) works with analysts Åsa Carlsson and Martin Feltner at Investor.

Value-creating analyses

One of the most important tasks of the business teams is to identify value-creating measures and quantify their potential. In this work, Investor uses discounted cash flow (DCF) models in parallel with other valuation methods. A base case is established for each holding to project future sales growth, margins, tied-up capital and cash flow. At specific time intervals, the base case reflects Investor's best assessment of the company's current position and future prospects, taking opportunities and risks in account. The next step of the analysis is to evaluate further potential for value creation through operational improvements, structural changes and financial measures. Comparative analyses are made of international competitors (benchmarking) to assess the potential of operational improvements, such as reducing capital tied up in a company's operations and/or lowering its costs.
For conceivable structural measures, such as acquisitions and divestments, the strategic implications, synergies, transaction costs and valuation are assessed. For value creation through financial actions, the business teams analyze future capital requirements and the optimum capital structure, and how this can be best achieved through distribution or additional capital contributions. The analysis is a good way to assess the impact of these value-creating measures on the holding's value and thus constitutes an important part of the action plan for committed ownership.



Above: Example of a value gap analysis, an important tool for quantifying potential value-creating measures within Investor's core holdings.

HOW BUSINESS TEAMS WORK

Business teams meet regularly. The teams can also meet on a daily basis in connection with important events. At these meetings, analysts give their views of a company by presenting basic analytic material to board representatives. Current issues are taken up at these meetings, as well as specific projects.

In addition to the meetings with the board representatives, Investor's analysts also meet with others in the financial community to also benefit from their view of the companies and the industry environment. Analysts in each business team regularly visit the production facilities and headquarters of core holdings. Extensive tours are also made to industry competitors and other relevant players.

Each quarter the teams perform an internal analysis and ranking, which includes an effort to identify potential points of improvement and define future prospects (work which forms the basis of Investor's view of core holding companies). These comprehensive portfolio reviews are attended by Investor's CEO and several members of Investor's Management Group, in addition to the analysts.

Investor has established guidelines and procedures to ensure that the business teams handle confidential information in accordance with current laws and regulations.



The Business Teams are a central part of Investor's work to build best-in-class companies.

New Investments

In the New Investments business, venture capital investments are made in small and medium-size companies. The investments are made in selected industry sectors in the United States, Northern Europe and Asia. Operations are conducted by three separate units: the wholly owned subsidiary Investor Growth Capital and the partly owned funds EQT and Investor Capital Partners – Asia Fund.

Read more on the Web: ni.investorab.com »

Investor has been involved in venture capital investing since the company was founded in 1916. These investments in the private equity market are an important part of the value creation process. Today, the New Investments business is focused primarily on unlisted companies with a high return potential. With a well-diversified portfolio in a normal market environment, it is possible to have a continuous divestment flow. The strategy for the New Investments business is to build a portfolio with representation across company development stages, industry sectors and geographic locations in order to achieve a high risk-adjusted return. The return objective in the New Investments business is an average annualized return of 20 percent on realized investments.

New Investments has a diversified portfolio comprising more than 100 companies. Within the New Investments business, Investor Growth Capital is focused on direct investments in the Information Technology (IT) and Healthcare sectors. EQT and Investor Capital Partners – Asia Fund, as investors through funds, take control positions in medium-size companies that are normally unlisted and have growth potential in a number of different sectors. Investor Growth Capital is wholly owned by Investor while EQT's funds and Investor Capital Partners – Asia Fund are partly owned with external fund investors. EQT focuses on investments in Northern Europe while Investor Capital Partners – Asia Fund concentrates on buyouts in Greater China and South Korea.

The structure of the investment organization aims to allow each unit to stay focused on, and thereby specialized in, their respective operations. Each unit has a defined business focus, delegated responsibilities and specialist knowledge in the industry or market it covers. Each office has employees with substantial knowledge of local markets and companies. Each unit also has a competitive compensation system in the local market linked to the fulfillment of established return objectives.

In the New Investments business, direct investments are made in three strategically selected markets: the United States, Northern Europe and Asia.



INVESTOR GROWTH CAPITAL

Read more on the Web: www.investorgrowthcapital.com

Investor Growth Capital is focused on investments in growth companies in information technology and healthcare in the United States, Northern Europe and Asia. Investor Growth Capital is a wholly owned subsidiary of Investor and has offices in Amsterdam, Hong Kong, New York, Palo Alto, Stockholm and Tokyo. Investor Growth Capital provides venture capital for expansion stage companies.

In the IT sector, Investor Growth Capital is focused on companies in the software, semiconductors and mobile services area. In the healthcare sector, investments are made mainly in biotechnology, pharmaceuticals and medical devices. You can read more about some of Investor Growth Capital's major holdings on page 23 and 26.

Investor Growth Capital in brief

Investment size:	USD 3–30 m.
Geographic focus:	United States, Northern Europe and Asia
Investment stage:	Usually expansion stage
Investment type:	Growth capital
Investment horizon:	Generally 3–8 years
Sector focus:	Technology and healthcare
Ownership:	Minority with influence
Board representation:	Usually one board member
Exit:	IPO or strategic sale
Return objective:	>20 percent annually on realized holdings
On December 31, 2004:	
Investment professionals:	39
Holdings	More than 100
Value of Investor's holdings:	SEK 6,514 m.

BUSINESS ENVIRONMENT 1985 – 1994

The 1980s were mainly characterized by economic progress, rising consumption and entrepreneurial activity. In Sweden, stock prices soared because of public savings programs and foreign investments. Towards the end of the 1980s, the economy began to decline as the consequence of an explosive speculative real estate market and overheated labor market. 1992: Sweden was hit by a currency crisis. The Riksbank, Sweden's central bank, tried several times to protect the Swedish krona but failed.

EQT

Read more on the Web: www.eqt.com »

EQT takes control positions in medium-sized companies that are normally unlisted and have high return potential through various forms of restructuring.

EQT was formed in 1994 by Investor and other companies. Investment activities are conducted through a number of funds with Investor and outside capital. Fund management is provided through EQT Partners AB, of which Investor is majority owner and EQT's partners own the remaining part. EQT operates as an independent organization and each fund is guided by its own investment committee. EQT Partners has offices in Helsinki, Copenhagen, Munich and Stockholm.

EQT's funds have a qualified investor base consisting of leading Scandinavian institutions and international investors, including pension funds, banks, insurance firms, corporations and private individuals. The seven EQT funds, EQT I, EQT II, EQT III, EQT IV, Denmark, Finland and Mezzanine had a combined capital investment of approximately SEK 23 bn. on December 31, 2004. Total commitments, in terms of available investment capital, amounted to about SEK 54 bn.

Investor is one of the major investors in the funds, with total commitments currently amounting to approximately SEK 12 bn., corresponding to 16 to 32 percent of the capital in EQT's seven funds. Investor's remaining capital commitments in EQT's funds amount to approximately SEK 6 bn.

EQT in brief

Geographic focus:	Northern Europe
Investment stage:	Mature
Investment type:	LBOs
Investment horizon:	Generally 3–8 years
Ownership:	Controlling
Board representation:	At least one board member
Exit:	IPO or strategic sale
Return objective:	>20 percent annually on realized holdings
On December 31, 2004:	
Investment professionals:	37
Holdings:	21
Value of Investor's holdings:	SEK 3,896 m.

INVESTOR CAPITAL PARTNERS – ASIA FUND

Read more on the Web: www.investorcapitalpartners.com

Investor Capital Partners – Asia Fund is a private equity fund advised by Investor Asia Limited, a wholly owned subsidiary of Investor. The company has its offices in Hong Kong. The Asia Fund, started in 2000, has committed capital totaling USD 322 m., including Investor's commitment of USD 200 m.

The Asia Fund focuses on buyouts and invests in companies with strong management teams, clear and sustainable competitive advantages, defendable business models and substantial development potential. Investment sectors include manufacturing companies focused on outsourcing and export markets, high value-added services, and consumer goods and services companies.

Geographically, the Asia Fund invests in Greater China and South Korea.

Investor's remaining capital commitments in the Asia Fund amount to SEK 452 m.

Investor Capital Partners – Asia Fund in brief

Investment size:	USD 20–80 m.
Geographic focus:	Greater China and South Korea
Investment stage:	Mature
Investment type:	Buyouts
Investment horizon:	Generally 3–5 years
Ownership:	Controlling shareholder
Board representation:	Majority of board
Exit:	IPO or strategic sale
Return objective:	>20 percent annually on realized holdings
On December 31, 2004:	
Investment professionals:	7
Holdings:	2
Value of Investor's holdings:	SEK 410 m.

Business methodology in New Investments

As in core holdings, Investor assumes an active role in companies in its New Investments portfolio to provide expertise and valuable contacts. In general, Investor is represented on a company's board by the person responsible for the investment, a Managing Director or Vice President. The New Investments companies often face other types of issues than those facing the Core Holdings business area. As young companies, those issues may be more fundamental, such as basic strategy, the design of business models and defining the right organizational structure. In many cases, Investor can also con-

tribute other experienced representatives from its extensive network, both researchers and specialists or representatives from the core holdings. For example, former core holding managers serve on the board of a number of companies in the New Investments portfolio. Investor can thereby contribute its extensive experience and industry-specific know-how to portfolio companies within New Investments. Investor can contribute internal specialists from Corporate Finance, Business Information Services, Human Resources, Corporate Communications and Finance for certain specific needs and projects. Investor assumes a very active role during certain stages in a portfolio company's development.

In the New Investments business, investment work is conducted by deal teams that perform thorough analyses and reviews of all investment candidates. The extensive network in and around Investor and its core holdings offers unique opportunities for exchanging knowledge and experience when a company is evaluated and analyzed. Expertise from this network can provide technical insight and evaluations of a company's potential and products.

Investment criteria for New Investments

Specialized units with well-defined investment mandates conduct the activities of the New Investments business. The investment criteria are basically the following:

- strong and dedicated management,
- potential for profitable growth,
- well-defined and solid business model,
- well-developed financial plan and structure, and
- reasonable valuation and high return potential.

The divestment alternatives for a company are also identified when an investment decision is made. A holding is often divested by selling it to an industrial company, or Investor can exit from a company after an initial public offering. Holdings can also be transferred internally to Investor's Core Holdings, if they fulfill Investor's three general criteria for core holdings (see page 8).

HOW INVESTMENT DECISIONS ARE MADE

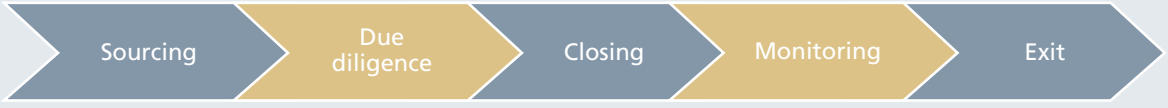
Each investment decision taken within the New Investments business is preceded by intensive analytic and due diligence work. The amount of time devoted to this analytical process varies from company to company, but averages two months. Professionals with relevant expertise and experience are involved in the analysis and due diligence process. The investment organization has been built up with substantial expertise in each sector. For example, Investor Growth Capital's healthcare team has a professor of chemistry, biologists, economists and individuals with backgrounds in the pharmaceutical industry.

The investment process within Investor Growth Capital

Each week there is a large deal flow and the business plans of companies are continuously analyzed and screened. Once a week the most attractive companies are selected by the Healthcare or Technology groups for general discussion, after which different business proposals are prioritized. A more detailed analysis and evaluation is launched during which the company is visited, its management is interviewed and their qualifications reviewed, the product and market potential is estimated, and the company's strategy, position and technology are thoroughly scrutinized. Industry experts are also consulted. Finally, the company's financials are analyzed. Specialists from the academic community may be consulted, as well as employees in Investor's network, for specific product-related or industry questions in areas like the healthcare sector. Analysts working with the Core Holdings, or investment professionals associated with the U.S., Asian and European operations of Investor Growth Capital, support each other in the due diligence processes and vice versa.

A few weeks after the first contact with the company, the investment team prepares an analysis of the company and its market and then recommends whether or not to proceed. Each group discusses the background information and data on the candidate company. If the company is assessed to be attractive, the investment team conducts a more detailed, comprehensive analysis. After another review, the company's management is invited to Investor to make a presentation and discuss their company. Senior staff, as well as the investment team, attend these meetings.

After the meeting, the final documentation is prepared for a recommendation and decision. If the investment is given the go-ahead, a process is initiated to find the right financing structure and define Investor's role as a committed owner of the company during the time-demanding and resource-intensive process to work further with the holding. Investor's board representative and an analyst (business team) work closely with the company to ensure that the company reaches goals and maximizes its potential value.





Other Holdings and Other Operations

The Other Holdings and Other Operations business areas comprise the mobile operator 3, The Grand Group and Novare Human Capital, among other companies. These holdings play an important role for Investor's work to create value.

Other Holdings

The Other Holdings business area consists of a number of investments that have another type of investment horizon, maturity, development stage and/or business focus than the Core Holdings and New Investments business areas.

3

3 is Investor's joint investment with the Hong Kong-based Hutchison Whampoa Group in mobile broadband services in Scandinavia. 3 was the first to launch 3G services in Sweden and Denmark and has a 3G license for Norway. During 2004 the number of subscribers increased from 20,000 to 350,000 by mid-December. Read more about 3 on page 27.

RAM ONE

RAM ONE, started in 2002, is a hedge fund with a basic investment focus. The flexible structure of a hedge fund makes it easier to have positive growth in value even when stock markets decline. Investor is one of the major investors in the fund with SEK 600 m. in allocated capital. RAM ONE is a long/short global equity fund investing in stocks and equity-related derivative instruments in the international market.

INVESTOR'S VIEW OF MOBILE BROADBAND COMMUNICATIONS

Investor believes strongly in the steadily growing needs of people and enterprises to communicate. The need for mobile broadband, and access to it, are creating demand, driving technological developments and leading to higher efficiency in business and greater flexibility in the everyday life of people. As a result of its long ownership involvement in Ericsson, Investor has gradually identified the potential of broadband and has invested in business concepts in the broadband area. Against this background, the largest new venture has been Investor's investment in the 3G mobile operator 3 Scandinavia.

The growth opportunities and profitability potential of mobile broadband communications are substantial. With mobile broadband technology, moving pictures have taken the step into the mobile phone: we can see who we are talking to and we can see where they are. 3G is breaking ground in many areas. The hearing impaired, for example, can now communicate via video telephony. As mobile communications and the Internet converge more and more, as in 3G for example, new communication possibilities are opening up for consumers and companies. This trend, combined with higher transmission speeds in the 3G network and greater access to advanced mobile handsets, is strengthening Investor's general belief in mobile broadband communications and in 3 in particular. During 2004, consumption of mobile services and video telephony, but also of voice telephony, rose considerably as an effect of competitive pricing, among other factors.

The cooperation with Hong Kong-based Hutchison Whampoa is a decisive success factor for Investor's investment in 3. Hutchison has extensive international experience from developing companies and especially mobile operators. Due to its collaboration with Hutchison's 3G companies in other parts of the world, 3 Scandinavia is benefiting from economies of scale, such as global purchasing agreements for mobile phones, cooperation to develop IT platforms, the exchange of experience and joint development and marketing of 3G mobile services. Hutchison's global 3G network covers more than 180 million potential customers in ten countries.

Investor's belief in the data and telecommunications industry is also reflected in a number of other investments, of which the Swedish broadband provider Bredbandsbolaget is one of the largest. Investor has made additional investments in the industry in the United States, Europe and Asia.

Other Operations

The Other Operations business area consists of wholly owned companies that are of strategic interest to Investor for various reasons, or which have a unique position in their particular market.

THE GRAND GROUP

The Grand Group conducts hotel, conference, banquet and restaurant operations in Stockholm. The Grand Group consists of the Grand Hôtel in Stockholm, a first-class facility that is a member of "The Leading Hotels of the World" group. The Grand Hôtel first opened in 1874 and is considered to be part of Sweden's cultural heritage. The hotel has about 300 guest rooms, of which 21 suites.

In February 2004, The Grand Group purchased three buildings on Blasieholmen, next to the Grand Hôtel in Stockholm, of which one was the "Burmanska Palatset" (former SAF building). After the close of the fiscal year, it was announced that The Grand Group had sold two of the three buildings and Berns to release capital that will be used to develop Burmanska Palatset. After the divestment of Berns and the acquisition of Burmanska Palatset, The Grand Group has streamlined its operations and is now more focused on the hotel business.

ACTIVE PORTFOLIO MANAGEMENT

Investor's active portfolio management activities are conducted to monitor and analyze the flow of market information, execute market transactions and generate an attractive return. The unit trades in shares and equity-related derivative instruments under strict risk management.

REAL ESTATE

The Real Estate unit manages properties owned by Investor, of which one is Investor's headquarters building on Arsenalsgatan 8 in downtown Stockholm.

NOVARE HUMAN CAPITAL

Novare Human Capital operates in a structured manner to ensure that Investor and its holdings have the right people and right competence in the right place. In the United States, for example, it is common for firms like Investor, which develop companies, to have an executive search unit closely associated with their operations. This type of operation is unique in Sweden, however.

Novare Search

Started in 2001, Novare Search is a wholly owned subsidiary that recruits people for executive and specialist positions. Since the company commenced operations, Novare Search has recruited some 150 people, including approximately 20 CEOs and 30 CFOs. Novare Search also offers advisory services in the human resources area, such as evaluations of personnel and organizations, streamlining and downsizing of staff resources, and management support.

Novare Corporate Academy

Novare Corporate Academy, started in 2003, focuses on increasing the exchange of knowledge and experience between individuals working in Investor's holdings. Through Novare Corporate Academy, holdings gain access to specialist knowledge through educational and competence development activities in a cost-effective manner.

Novare Recruitment

Started in 2004, Novare Recruitment (Novare Rekrytering in Swedish) is a wholly owned subsidiary specializing in recruiting personnel under the executive management level. Since it started operations, Novare Recruitment has handled more than 400 search assignments for 18 clients, of which several have been companies that are not directly associated with Investor.

Interim Executive Solutions

Interim Executive Solutions was started in 2004 and is owned 42.5 percent by Investor. The company specializes in quickly finding executive-level managers on short notice for interim assignments. The company has handled more than ten interim executive assignments since the start of activities.

The Grand Hôtel is uniquely situated by the water in downtown Stockholm, across from the Royal Palace.



HOW NOVARE OPERATES

The activities of the Novare Group are designed to develop, expand and structure Investor's existing network. The Group is in daily contact with the executive management, board and other key people at companies. Most of Novare's clients are companies partly owned by Investor, although 20 percent of Novare's customer base consists of external companies.

NOVARE SEARCH

By working closely with clients, Novare Search builds up a comprehensive understanding of a company's special characteristics and human resources needs. Novare Search meets with job candidates for companies on a regular basis and can therefore recruit managers on all levels on short notice.

Finding a controller for a major listed company is an example of one of Novare Search's recruitment assignments in 2004. The candidate had to have experience from working in Eastern Europe, as well as competence in production economy and marketing, a specialized and unusual professional background. Despite the special profile and qualifications, Novare Search succeeded in finding a Russian woman with the equivalent expertise and experience from working with industry in Russia, Poland and Sweden. Finding candidates with these unique qualifications puts heavy demands on recruitment skills and networking.

NOVARE RECRUITMENT

In 2004, Novare Recruitment assisted the mobile operator 3 in the recruitment of retail personnel, customer service staff, and technical and IT personnel. As a result of this collaboration, 3 was able to focus on developing a recruitment and human resources strategy while Novare Recruitment handled the recruitment of staff needed for 3's operations.

NOVARE CORPORATE ACADEMY

Novare Corporate Academy manages the educational program Forum Novare, which was established when a number of companies requested a competence development program for executives who wanted to broaden their network and needed new stimulus and knowledge. Forum Novare is a one-year program consisting of a number of modules focused on highly topical themes. The content of the program is designed on a step-by-step basis with the participants. Based on the theme, guest speakers are invited to share their knowledge and skills. The participants are also requested to develop proposals for solving current problems as a way of contributing something back to the guest speakers. Each Novare Forum group consists of executives from different types of industries and businesses, which is important for achieving the best results.

INTERIM EXECUTIVE SOLUTIONS

Finding a qualified production manager and a sales/marketing manager for temporary assignments was one of the projects handled by Interim Executive Solutions in 2004. The client company needed to quickly enhance the efficiency of its selling processes and increase sales, but its management was uncertain about the company's business focus. In this situation, a traditional recruitment process would take too much time. About five months later, after the contributions of the interim executive, the company is now achieving strong growth. The client has decided to fill another temporary position through Interim Executive Solutions.



Martin Lindström, program director for Novare Corporate Academy, discusses a new competence development program with a client.

Novare
HUMAN CAPITAL

The activities of the Novare Group are designed to develop, expand and structure Investor's existing network.

INVESTOR'S HISTORY 2001–2003

2001: Investor increased its ownership in Ericsson and SEB. Holdings in SAS, SKF and Stora Enso were sold. 2002: Investor strengthened its positions in ABB, Electrolux, Ericsson, SEB and WM-data. 2003: Investor participates in ABB's new rights issue. **Net asset value on Dec. 31, 2003: SEK 83,063 m.**

Network and people

Investor's global network, developed through generations of business operations, not only generates unique business opportunities but also enables an efficient recruitment process to provide senior executive managers and board members to our holdings. In Investor's work to build best-in-class companies, the people in our holdings – as well as in Investor – are a crucial resource.

Investor's network

Investor's network is unique and provides both breadth and depth in terms of expertise, experience, information and business flow. The network provides a comparative advantage over similar types of investment companies and is used for both business and recruitment purposes. Together with the people in Investor's immediate business environment, the network is an important cornerstone in Investor's work to build best-in-class companies.

The global network has many different functions. It is used, for example, to obtain knowledge about management and entrepreneurship, international development, trends and technology shifts, or to exchange experience. In growth countries like China, for example, it is much more difficult to do business successfully if a company does not have a functioning network on location. Investor's network offers access to a large business flow in various areas, growth stages and sectors. Through contacts with specialists in the network, another dimension is added to Investor's analytic and due diligence work. Recruitment is another important aspect of the network's function. This activity is being formally handled by Novare Human Capital within the network. You can read more about Novare on page 14.

The network consists of employees in the functions and offices of the Investor organization around the globe, but also of present and former executives in Investor's core holdings and new Investments, and many other professionals that Investor has established relations with, such as the academic and research communities. The activities conducted by New Investments in the United States, Northern Europe and Asia have also developed and broadened the network.

Investor constantly strives to bring people, companies and organizations together to create and develop rewarding projects.

Investor's employees

Investor's wholly owned investment operations, excluding EQT, The Grand Group, Investor Asia and Novare, employed 143 people at year-end. Investor strives to recruit people with cutting-edge expertise who come from varying backgrounds. Making successful investments that provide high returns to shareholders and contribute to the development of holdings, and having efficient, professional support functions, places heavy demands on Investor employees (see investment organization below).

Investor's wholly owned investment operations in brief (on December 31, 2004)

Management Group. Manages operations and serves, in many cases, in the capacity of board representatives (and Business Team members) for the development of Investor's holdings.

Analysts. Continuous analysis of core holdings, their competitors and markets. Strategy, structure and valuations are analyzed in order to identify and evaluate potential improvements and development alternatives in the core holdings.

New Investments (excluding EQT). Carry out investment work, usually in project teams, by analyzing and reviewing potential and existing investment candidates. The strategy, position and technology of companies are the main areas that are analyzed and evaluated.

Active portfolio management activities. Conducted to monitor and analyze the flow of market information, execute market transactions and generate an attractive return.

Business Information Services (BIS). Conducts information research and develops and administrates information databases for Investor's investment organization. BIS provides Investor with broad or specific information about companies, markets, industries and individuals in a fast and accurate manner. Investor's Management Group is a primary client, as well as the Business Teams and investment professionals in the New Investments business.

Corporate Communications (CC). CC is responsible for complying with the rules and regulations concerning the communication of information to financial markets that Investor must satisfy as a listed company in Sweden. CC includes investor relations (IR), marketing communications, internal information, and press and media relations.

Finance. The department is responsible for the administration of Investor AB and the company's 58 subsidiaries. Finance manages securities transactions, controls costs and is responsible for consolidating Group operations, reporting and personnel administration. The department includes a corporate medical unit and function for conference activities.

Risk Management. Guarantees independent control and reporting of the Group's risks in financial markets, such as risk associated with share prices, interest rates, currency, liquidity, financing, credit and operations.

Treasury. Responsible for the Group's loan financing and short-term deposits of excess liquidity. The unit also functions like an internal bank for other Group companies.

Information Technology (IT). Responsible for the day-to-day operation and support of Investor's IT infrastructure, and for providing IT systems to improve and simplify internal business processes.

Investor's organization also includes the functions Office Support (reception, switchboard and porters), Security, Real Estate, the Corporate Medical Unit and secretaries.

Competence development

Investor places major emphasis on giving each employee the opportunity to advance their education and enhance their professional knowledge. All employees are therefore recommended to take at least five days of courses per year as part of their continuing education. The type of competence development activity is decided in a dialog between the employee and his/her supervisor.

Career development

As part of Investor's human resources policy, employees and their closest supervisor participate in performance and compensation reviews. These reviews aim to evaluate and plan measures for the professional development of employees, to set and follow up their goals, and to decide on the employee's compensation for the coming year. Performance reviews are often preceded by discussions with the employee's colleagues.

Compensation

Investor strives to offer competitive compensation ensuring that competent employees can be recruited and retained in the company. The basis for compensation in the company is that it should be on market terms. Investor's compensation policies and programs are described in detail in Note 3 on page 69.

Health and medical care

Investor offers employees healthcare and fitness programs as part of its efforts to safeguard employee health. The Stockholm office has its own corporate medical unit and employees have access to a naprapath and ergonomics expert. The corporate medical unit offers annual health checkups, among other services. A number of other benefits are also provided.

Equal opportunity plan

Investor has an equal opportunity plan that aims to conduct target-oriented activities to promote equal opportunity between men and women. This is achieved, for example, by making it easier for male and female employees to combine work with parenting, and by ensuring that work conditions at Investor are equally well suited for both men and women.

Work environment plan

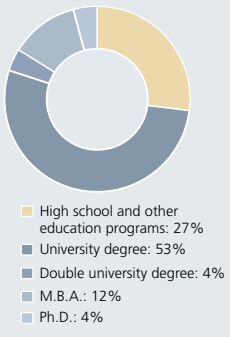
Investor has a work environment plan that provides the platform for work environmental measures at the company. The plan aims to ensure that the work environment provides a basis for ensuring the security, well being and health of employees. Work environment issues are handled by a work environment group consisting of the personnel administration department, the corporate medical unit, the work safety representative and a work safety committee.

INVESTOR'S WHOLLY OWNED INVESTMENT ACTIVITIES ON DECEMBER 31, 2004

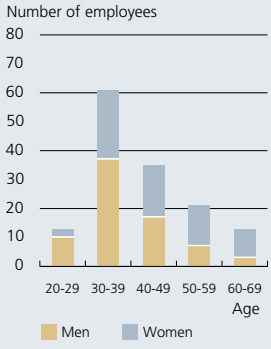
Facts & figures on employees

- Number of employees: 143
- 13 different nationalities were represented among Investor's personnel
- Average age: 41 years
- Investments in education per employee: about SEK 40,000
- Percentage of female employees: 48 percent
- Percentage of women in senior management positions: 35 percent
- Personnel turnover: 1.8 percent

Employees by education



Age distribution



Years of employment



Investor and the business environment

Investor is affected by the business environment and is part of society as a whole. There are four important areas that illustrate Investor and its business environment: Investor as an investment alternative, external factors that impact the company's performance, corporate social responsibility and sponsoring activities.

Investor as an investment alternative

Through different units Investor operates as an owner of operating businesses and an investor in financial markets in the United States, Europe and Asia. Basically all organizations that offer some type of savings or investment service, or which conduct investment activities, such as banks, mutual funds and other types of investment companies, constitute investment alternatives to Investor. These players often have the same objective – strong value creation – although their investment philosophies and willingness to take risk can vary considerably. Owners and investors also differ in terms of their ability and goal to be long-term, committed owners. Investor's day-to-day business is to focus on the development of companies, not buying and selling them on the basis of daily stock prices. Business decisions are based on carefully prepared, long-term valuations and comparative analyses that aim to increase the value of individual companies.

Factors in the business environment that affect Investor's performance

In addition to the performance of individual holdings, Investor is affected by a number of external factors:

- the macroeconomic situation, such as growth and interest rates,
- exchange rate changes (see Note 6 on page 76 for further information about the effects of exchange rates),
- general stock market trends (85 percent of Investor's holdings are listed),
- the geopolitical situation and the effects it has on the economy and stock markets,
- the climate for initial public offerings, which is significant for unlisted holdings in Investor Growth Capital, Investor Capital Partners – Asia Fund and EQT.

Corporate social responsibility

In recent years, the role of companies in society has increasingly come in focus and Corporate Social Responsibility (CSR) has become the umbrella term for company processes to manage corporate activities in a responsible way. CSR includes the impacts and efforts of companies with regard to social and human rights and the environment. These are aspects of operations that directly or indirectly have important effects on stakeholders, such as employees, customers, shareholders, suppliers, local communities and society as a whole.

Investor has a long tradition of acting as a responsible owner and employer. The company's basic principle is that long-term profitability and shareholder value for any company are also ensured by taking into account the needs of stakeholders. During 2004 Investor developed guidelines for its CSR work. Investor is engaged in CSR in two different ways: as an owner of companies and as a company and employer.

CORPORATE SOCIAL RESPONSIBILITY AS AN OWNER

As an owner, Investor strives to ensure that the companies we invest in, and have influence in, conduct their operations in a responsible and ethical manner. Since CSR risks and challenges will differ between companies, industries and countries, each company must identify the relevant CSR-related issues for its particular operations. Complying with local and national legislation and regulations in each country of operation is a basic requirement.

In the Core Holdings business area, Investor encourages holdings to analyze their operations from a CSR perspective and to adopt guidelines where the company commits:

- to behave responsibly and ethically in its activities,
- to identify and respect relevant international conventions, for example the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises,
- to strive for continual improvement in the company's environmental, social and human rights impacts, and
- to encourage suppliers to meet equivalent CSR objectives.

Investor further encourages core holdings to monitor their CSR-related risks, establish internal processes and consider the regular reporting, in an appropriate form, of CSR activities. Investor also communicates the above goals through formal and informal contacts with the core holding companies.

Holdings in the New Investments business area are often in an early stage of development and have more limited resources. In this business area, Investor focuses on including a CSR risk assessment in the due diligence process and on raising awareness of CSR issues in companies in which Investor is a owner.

Where Investor is involved in funds, responsibility for the development of the holdings, including CSR issues, lies with each fund manager.

For the Active Portfolio Management activities, in which Investor has no active ownership role, the policy is to avoid trading in companies that are known, or that can be suspected, to act unethically by, for example, by consistently violating local or national legislation or relevant international conventions.

CORPORATE SOCIAL RESPONSIBILITY AS A COMPANY AND EMPLOYER

Within Investor's own operations, the primary CSR focus is to give staff a first-class work environment. Investor supports the OECD Guidelines for Multinational Enterprises. Investor has established a Work Environment Plan and an Equal Opportunity Plan (see page 17). As an employer, Investor promotes equal career opportunities between men and women and finding a good balance between work and non-work activities, such as family life.

Investor has an Environmental Policy that strives to further reduce its environmental impact by recycling and other measures. Investor's environment impact is considered to be minor since the company conducts relatively limited operations from offices.

Sponsorship activities

Investor conducts sponsoring activities for branding purposes and to spread knowledge about the company's business and enable internal and external networking activities. Projects support Investor's business operations and the values the company stands for. Projects are conducted in the sports, community relations/entrepreneurship and culture areas. Investor sponsors projects by maintaining a continuous dialog with sponsored parties and participating regularly in different events, such as contest jury work and prize sponsoring.

MAJOR SPONSORING PROJECTS IN 2004

- The Venture Cup is a business plan contest on university level that aims to stimulate the creation of new innovative companies with growth potential in Sweden. The competition produces ideas and knowledge that can be used in practice. The Venture Cup has proved to be an effective school for successful company start-ups.
- Young Enterprise Sweden is a non-profit organization that has been promoting the introduction of enterprise and entrepreneurship in the Swedish education system since 1980. The organization gives high school students the opportunity to test their business skills by letting them run their own companies based on their own business concepts.
- Entrepreneurs Day in Gothenburg, and the Entrepreneurs Gala in Stockholm, are two activities for entrepreneurs and function as a networking meeting between entrepreneurs and other interested parties in education, business and society.
- if… Stockholm Open is the largest tennis tournament in Scandinavia. During the event Investor, as the arena sponsor, also arranges the Investor Kids Cup, a mini-tennis tournament for third graders from different parts of Sweden. More than 2,000 students participated in the 2004 Investor Kids Cup.
- The goal of Stockholm's museum of modern art, Moderna Museet, is to promote knowledge abut contemporary art in order to increase people's understanding of this part of their cultural heritage. Investor is one of the main sponsors of Project Zone Moderna, an art education project for young people that promotes the exchange of art between different areas of Stockholm and links art, artists, schools, students and local communities.

The proj
Moderna Museet's Zone Moderna, the Investor Kids Cup and the Venture Cup.





Holdings

Investor has more than 130 holdings that are a mixture of mature, world-leading corporations, growth companies and young start-ups. The holdings comprise a well-diversified portfolio of companies in the Technology, Healthcare, Engineering and Financial Services sectors. The total value of these holdings was SEK 106 bn. on December 31, 2004.

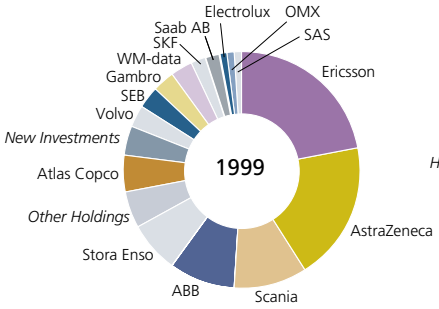
Investor has holdings in selected sectors, defined geographic markets and in different development stages, in which each company, sector and geographic market has its own distinctive characteristics. Investor's holdings therefore comprise a well-diversified portfolio of companies.

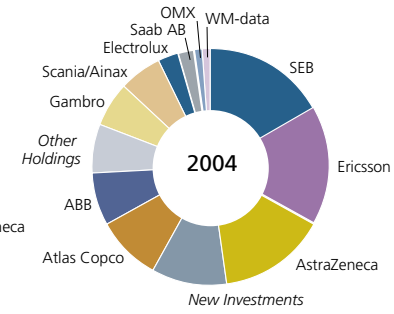
On the following pages major direct holdings (the Core Holdings), and the holdings in Investor Growth Capital and 3, are described by sector: Healthcare, Technology, Engineering and Financial Services.

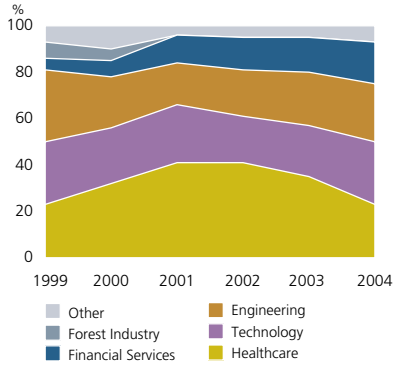
All information is based on market values, unless specified otherwise. Investor's percentage of a core holding's share capital and voting rights is after full dilution and adjusted for any repurchased shares.

OVERVIEW OF HOLDINGS

An overview of Inv
Today, Investor has a relatively
unlisted holdings has incre
investment in the mobile operator 3.



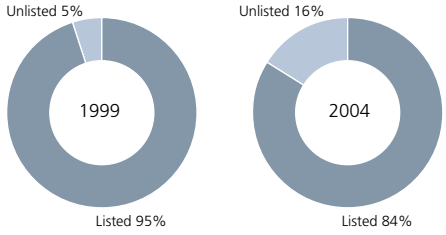




Total assets by sector and business area

SEK m.	Healthcare	Technology	Engi-neering	Financial Services	Other	Total
Core Holdings	21,814	20,945	26,015	18,869	–	**87,643**
New Investments, listed	646	592	14	–	–	**1,262**
New Investments, unlisted	1,396	4,642	860	285	2,385	**9,568**
Other	–	1,812	–	–	5,242[1)]	**7,054**
Total	**23,856**	**27,991**	**26,889**	**19,154**	**7,627**	**105,517**

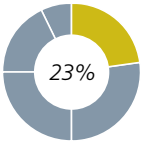
1) Of which, SEK 4,033 m. comprises loans to Hi3G.







Healthcare



Long-term development trends in demographics, lifestyles and technology are continuing to drive strong demand for pharmaceuticals and medical devices. Since satisfactory treatments are lacking for many diseases and ailments today, there is a substantial need for new treatment methods. A toughening regulatory climate and economic pressure on payers of health-care services are putting increasing demands on companies to develop innovative, safe and effective products.

AstraZeneca

Investor's holding in AstraZeneca

Share capital: 4%

Voting rights: 4%

Market value of holding: SEK 15,327 m.

Serving on the board are the following people from Investor's management or board:

Håkan Mogren (Non-Executive Deputy Chairman)

Marcus Wallenberg

Core holding



AstraZeneca, share of total assets 14%

Chairman: Louis Schweitzer

Chief Executive Officer: Tom McKillop

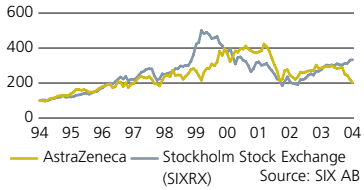
On December 31, 2004

Sales: USD 21.4 bn.

Income after net financial items: USD 4.9 bn.

Market capitalization: SEK 397.3 bn.

Total return, Index = 100 = Dec. 31 1994



Source: SIX AB

AstraZeneca is one of the world's leading pharmaceutical companies focused on research in medicines and pharmaceuticals that is conducted in a global network of research units, mainly in Sweden, the United States and the United Kingdom. Priority research areas are cardiovascular, gastrointestinal, neuroscience, oncology, respiratory and inflammation, as well as infection.

Sales and earnings developed strongly in 2004, confirming that AstraZeneca achieved an excellent financial performance during a period when several of the company's major patents expired. AstraZeneca experienced some setbacks during the year, notably for its cancer drug Iressa, whose efficacy was questioned, and for its anticoagulant Exanta, which was not approved by the U.S. Food and Drug Administration for use in the U.S. market.

INVESTOR'S VIEW OF ASTRAZENECA: Aging populations and lifestyle changes constitute significant growth factors for the pharmaceutical industry. The regulatory climate in the industry is gradually becoming more uncertain. However, AstraZeneca has historically demonstrated its capability to deliver drugs with high margins and strong profitability. AstraZeneca has also taken additional measures to increase the efficiency of its operations, including the company's process for pharmaceutical approvals. In 2004, AstraZeneca showed strong earnings improvement, compared with the preceding year.

www.astrazeneca.com



GAMBRO®

Investor's holding in Gambro

Share capital: 20%

Voting rights: 26%

Market value of holding: SEK 6,487 m.

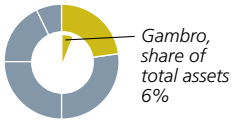
Serving on the board are the following people from Investor's management or board:

Claes Dahlbäck (Chairman)

Håkan Mogren (Vice Chairman)

Adine Grate Axén

Core holding



Chairman: Claes Dahlbäck

President and CEO: Sören Mellstig

On December 31, 2004

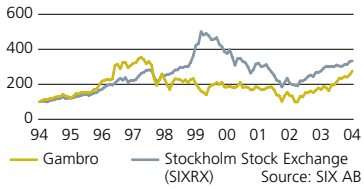
Sales: SEK 26.6 bn.

Result after net financial items: SEK 2,140 m.[1)]

Market capitalization: SEK 32.5 bn.

1) Excluding SEK 2,672 m. in costs related to a settlement with the U.S. Justice Department.

Total Return, Index = 100 = Dec. 31 1994



Source: SIX AB

Gambro is a global medical technology and healthcare company with leading positions in renal care and blood component technology. Gambro has about 21,000 employees in 40 countries and sales of approximately SEK 26.6 bn. Research and development activities are conducted in Sweden, Germany, Italy, Japan, France and the United States. In 2004, Gambro Renal Products (GRP) made additional investments to increase production capacity for synthetic membrane dialyzers and also continued the performance improvement program launched in 2003, which has boosted profitability. Gambro Healthcare has an ongoing improvement program that has increased the business area's efficiency. With a competitive product portfolio, Gambro BCT achieved very strong growth during the year, due to successful expansion in the Japanese market. During the year Gambro reached an agreement to sell its dialysis clinics business in the United States (Gambro Healthcare US).

INVESTOR'S VIEW OF GAMBRO: Stable growth and strong market positions are some of the most important reasons why Investor considers Gambro to be an attractive investment. With the divestment of its dialysis clinics business in the U.S., Gambro is changing its business orientation and will now focus more on driving profitable growth in its product divisions, both organically and through acquisitions.

www.gambro.com

Healthcare – New Investments

Investor's view of new investments in the healthcare sector: Investor Growth Capital has approximately 30 holdings in the healthcare sector. Investments are focused on companies in areas of expected strong growth and with an industrial structure providing attractive investment opportunities for building profitable, rapid-growth companies. Investor Growth Capital has identified three priority areas: Medical Devices, Biotechnology and Pharmaceuticals. Investor Growth Capital also makes selective investments in other sectors offering similar and attractive business opportunities.



Affibody Technology, Sweden
is a biotech company that uses innovative protein-engineering technologies for the development of novel biotherapeutics and diagnostic applications.
Unlisted.
Investment year: 2000
www.affibody.se

Aerocrine, Sweden
has developed an instrument, NIOX™, for measurement of nitric oxide in exhaled breath as a specific biochemical marker of inflammation in airway disease. The company's focus is on asthma. NIOX™ is approved by FDA in the U.S. and approved for clinical use in EU member states.
Unlisted.
Investment year: 1999
www.aerocrine.com

Biotage, Sweden
provides complete solutions for medicinal chemistry research and applied genetic analysis.
Listed.
Investment year: 2000
Market value of holding on 12/31, 2004: SEK 54 m.
Ownership on 12/31 2004: 12 percent
www.biotage.com

Carmel Pharma, Sweden
develops and sells a system for secure, sealed handling of pharmaceuticals (cytostatics), primarily to protect healthcare workers.
Unlisted.
Investment year: 1997
www.carmelpharma.se

Entific Medical Systems, Sweden
is a medical device company that develops and sells hearing implants to aid people with conductive and mixed hearing impairment or single-sided deafness.
Listed.
Investment year: 1999
www.entific.com

ISTA Pharmaceuticals, United States
is an ophthalmology-focused pharmaceutical company with several approved products. The company's lead product is a therapy for vitreous hemorrhage.
Listed.
Investment year: 2002
Market value of holding on 12/31 2004: SEK 175 m.
Ownership on 12/31 2004: 16 percent
www.istavision.com

Kyphon, United States
develops and markets minimally invasive balloon technologies for the treatment of compression fractures in the spine.
Listed.
Investment year: 1999
Market value of holding on 12/31 2004: SEK 353 m.
Ownership on12/31 2004: 7 percent
www.kyphon.com

Metcon Medicin, Sweden
is a research and development enterprise active in diabetes medicine. The company produces substances for oral administration that normalize and stabilize blood sugar levels in type 1 and type 2 diabetes patients.
Unlisted.
Investment year: 2000
www.metconmedicin.se

Swedish Orphan, Sweden
specializes in the development, marketing and distribution of pharmaceuticals used in the treatment of rare disorders and life-threatening diseases.
Unlisted.
Investment year: 2004
www.swedishorphan.com

Spiration, United States
develops medical devices for the treatment of lung disease.
Unlisted.
Investment year: 2003
www.spiration.com

The above holdings, listed in alphabetical order, represent the ten largest investments on December 31, 2004. The ownership stake and market value are only reported for listed holdings. Market values are discounted 10 or 20 percent, depending on the liquidity of the company's shares.

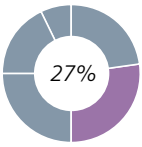
Investor has also invested in the following companies, among others: Epigenesis, Neuronova and Songbird Hearing.







Technology



A number of strong trends, such as automation, mobility and person-to-person communications, will drive long-term for new technological products and services. The challenge technology companies face today is to transform technical progress into commercial successes by developing new services and products or evolving the existing range. For example, many traditional products will have a greater content of information technology. In some sectors, such as telecom, mobility has proved to be a service in particularly strong demand. Prices have also fallen in step with technological progress, making mobile telephony available on a broad front, even in developing nations.

ERICSSON

Investor's holding in Ericsson

Share capital: 5%

Voting rights: 19%

Market value of holding: SEK 17,437 m.

Serving on the board are the following people from Investor's management or board:

Marcus Wallenberg (Deputy Chairman)

Chairman: Michael Treschow

President and CEO: Carl-Henric Svanberg

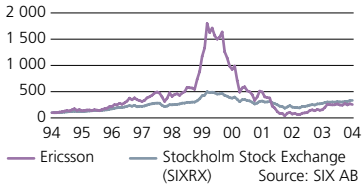
On December 31, 2004

Sales: SEK 132 bn.

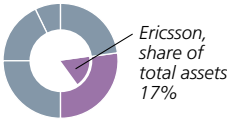
Income after net financial items: SEK 28.4 bn.

Market capitalization: SEK 342.6 bn

Total Return, Index = 100 = Dec. 31 1994



Core holding



Ericsson is a world-leading supplier of telecommunications equipment focusing primarily on mobile infrastructure. In this field, the company is the market leader in terms of sales and technology. Ericsson operates in 140 countries.

In 2004, the market for mobile infrastructure recovered strongly. During the year, mobile operators invested in the rollout of 3G technology, and by year-end, approximately 45 commercial 3G networks were in operation. Investments to enhance the capacity of 2G networks also increased as operators caught up on the limited investments of previous years. Through its strong market position, Ericsson benefited from these market developments in 2004.

INVESTOR'S VIEW OF ERICSSON: During the year Ericsson continued to focus on reducing costs and driving the development and rollout of existing and new mobile networks. As a result of these initiatives, Ericsson consolidated its market-leading position and is benefiting from the highest profit margins in the industry. Ericsson also achieved strong growth in 2004 within its professional services operations, an attractive growth sector.

www.ericsson.com







SAAB

Investor's holding in Saab AB

Share capital: 20%

Voting rights: 36%

Market value of holding: SEK 2,496 m.

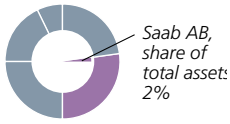
Serving on the board are the following people from Investor's management or board:

Anders Scharp (Chairman)

Marcus Wallenberg (Vice Chairman)

Björn Svedberg

Core holding



Chairman: Anders Scharp

Chairman: Åke Svensson

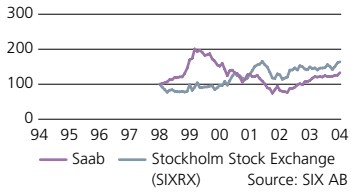
On December 31, 2004

Sales: SEK 17.8 bn.

Income after net financial items: SEK 1.511 m.

Market capitalization: SEK 11.9 bn.

Total return, Index = 100 = Dec. 31 1998



Saab is one of the world's leading high-technology companies with activities focused mainly on defense, aviation and space. Operations cover clearly defined areas within defense electronics, missile systems and space electronics, as well as military and civilian aviation. Saab also focuses on high-technology services and maintenance solutions. Operations are conducted in the following business areas: Systems & Electronics, Aerospace, Bofors Dynamics, Technical Support & Services, and Aviation Services.

The year 2004 was characterized by a strong trend of order bookings for defense-oriented business, notably in export markets. However, Saab is being forced to restructure its operations considerably as a consequence of the Swedish government's decision to cut back on defense and because of fewer development projects from Sweden's Defense Material Administration (FMV). However, underlying business activities are developing according to plan and Saab achieved an operating margin of 9.3 percent and sales of SEK 17.8 bn. in 2004.

INVESTOR'S VIEW OF SAAB: Saab has a substantial order backlog and is well positioned in export markets. Saab has cutting-edge competence in technology. There is now less uncertainty about the implications of Sweden's new defense bill and Saab can implement the necessary measures to adapt its operations.

www.saab.se

WM-data

Investor's holding in WM-data

Share capital: 16%

Voting rights: 29%

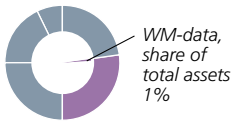
Market value of holding: SEK 1,012 m.

Serving on the board are the following people from Investor's management or board:

Börje Ekholm (Vice Chairman)

Lars Wedenborn

Core holding



Chairman: Thord Wilkne

Chairman: Crister Stjernfelt

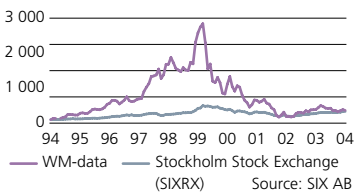
On December 31, 2004

Sales: SEK 8,160 m.

Income after net financial items: SEK 352 m.

Market capitalization: SEK 5.6 bn.

Total return, Index = 100 = Dec. 31 1994



WM-data is one of the leading providers of IT-related services in the Nordic region with 7,615 employees. The company's business concept is "to create increased efficiency and tangible benefits for selected customer segments through a wide range of design and IT-related services". WM-data offers solutions spanning the entire IT area.

Demand for IT services stabilized in the market in 2004. During the year, WM-data successfully integrated the Finnish company Novo, acquired in the beginning of 2004. Novo contributed significantly to WM-data's overall sales and earnings in 2004.

During the year WM-data announced a number of streamlining measures to maintain and sharpen its competitiveness. Operating income before goodwill amortization (EBITA) for the full year 2004 totaled SEK 502 m. (366), corresponding to a margin of 6.2 percent.

INVESTOR'S VIEW OF WM-data: During the year WM-data strengthened its Nordic profile and continued to implement cost reduction measures. These initiatives, together with stabilized demand for the company's services, improved WM-data's margins. As it enters the 2005 fiscal year, WM-data is a stronger company with a foundation for positive growth.

www.wm-data.com

Technology – New Investments

Investor's view of new investments in technology: Investor Growth Capital has approximately 50 holdings in the technology sector. Investments are focused primarily on companies in sectors with expected strong growth and with an industrial structure providing attractive opportunities for building profitable, rapid-growth companies. In 2004, Investor Growth Capital focused primarily on two areas for investment: Software and Semiconductors. Investor Growth Capital also makes selective investments in other sectors offering similar and attractive business opportunities.



New investments in technology sector, share of total assets, 5%

Bredbandsbolaget, Sweden
is one of the leading broadband communications providers in Sweden with a bidirectional broadband network with access to data, telephony and video, fiber-to-the building connections to multifamily housing and ADSL connections.
Unlisted.
Investment year: 1999
www.bredband.com

Claria, United States
is one of the world's largest companies focused on online behavioral marketing which delivers advertising messages targeting individual customer needs.
Unlisted.
Investment year: 2000
www.claria.com

Greenway Medical, United States
develops and sells software for integrated medical practice management and electronic medical records.
Unlisted.
Investment year: 2004
www.greenwaymedical.com

FOI Corporation, Japan
FOI is a Japanese semiconductor equipment company that develops, manufactures and sells high-density plasma etchers.
Unlisted.
Investment year: 2003
www.foi.co.jp

Invesmart, United States
is a leading software and full-service retirement and financial services firm, assisting companies of all sizes in establishing and administering retirement plans.
Unlisted.
Investment year: 2000
www.invesmart.com

Micronic Laser Systems, Sweden
develops, manufactures and markets high-end laser pattern generators for producing photomasks. Leading electronics companies use Micronic's systems in the production of television screens, computer displays and semiconductors.
Listed.
Investment year: 2003
Market value on 12/31 2004: SEK 101 m.
Ownership on 12/31 2004: 5 percent
www.micronic.se

NESS Display, South Korea
manufactures organic light-emitting display (OLED) panels for mobile devices. The company is based in Seoul.
Unlisted.
Investment year: 2002
www.ness.com.kr

Tessera, United States
is the leading IP licenser of Chip Scale Packaging technology to the semiconductor industry, the de facto standard for a number of memory architectures.
Listed.
Investment year: 1996
Market value of holding on 12/31 2004: SEK 353 m.
Ownership on 12/31 2004: 5 percent
www.tessera.com

Umetrics, Sweden
provides software and services for experimental planning and Multivariate Data Analysis and modeling (MVDA).
Unlisted.
Investment year: 1998
www.umetrics.com

Watchmark, United States
is a leader in service assurance software for wireless telecom service providers and other integrated network operators.
Unlisted.
Investment year: 2001
www.watchmark.com

The above holdings, alphabetically listed, represent the ten largest investments on December 31, 2004. The ownership stake and market value are only reported for listed holdings. Market values are discounted 10 or 20 percent, depending on the liquidity of the company's shares.

Investor has also invested in the following companies, among others: Exigen and White Rock.



Technology – Other Holdings

Investor's holding in Hi3G

Share capital: 40%

Voting rights: 40%

Market value of holding: SEK 1,621 m.[1)]

Serving on the board are the following people from Investor's management or board:

Björn Svedberg (Chairman)

Marcus Wallenberg

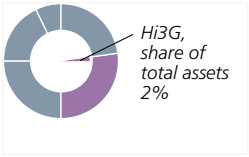
Adine Grate Axén

1) In addition, Investor has provided SEK 4,033 m. in loans.

Chairman: Björn Svedberg

Chairman: Shlomo Liran

Other holding



Hi3G, which markets its services under the "3" brand, is a mobile operator providing 3G mobile services in Sweden and Denmark. 3 is owned by Hutchison Whampoa (60%) and Investor AB (40%). 3 also has a 3G license for the Norwegian market. The company aims to capture a fair share of the Scandinavian mobile market by becoming a leading operator in the region. In mid-December, the company had more than 350,000 subscribers in Scandinavia, 20,000 more than at the beginning of 2004. As of December 31, 2004, 3's 3G network services coverage was 88 percent in Sweden, while voice services network coverage was 95 percent. The build-out of the network is continuing as planned during 2005.

3 develops mobile multimedia services in close collaboration with other 3G companies in Hutchison Whampoa's network in Australia, Austria, Hong Kong, Israel, Italy and the United Kingdom, among others. On December 31, 2004, Hutchison Whampoa's combined 3G activities, of which 3 Scandinavia is part, had 6.7 million subscribers.

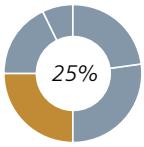
3 offers new mobile services within the framework for the next generation of mobile multimedia communications. In 2004, sales picked up, driving the launch of new mobile handsets, innovative customer offerings and new services.

INVESTOR'S VIEW OF 3: As a specialized 3G operator and member of Hutchison Whampoa's global 3G network, 3 has good possibilities to reach its goal of capturing a fair share of the 3G market in Sweden and Denmark. 3G technology allows cost-effective handling of voice services and has great potential as a carrier of mobile broadband services. Furthermore, there are significant potential synergies between 3's companies in Sweden and Denmark. The level of risk in 3 decreased considerably during the year as a result of less uncertainty about capital requirements, the gradual completion of the network and strong subscriber growth.

www.tre.se
www.3.dk



Engineering



The ability of companies to commercialize new innovative products and applications is extra important in times when high costs must be offset by raising prices. The emergence of substantial industrial production capacity in low-cost countries such as China and India, and in Eastern Europe, has contributed strongly to growth in demand, but is leading to increased competitive pressure within some industries. Markets in industrial sectors continued to improve during 2004 and the profits of most companies rose despite the negative impact of higher raw material prices and a continuing weak dollar.

Investor's holding in ABB

Share capital: 10%

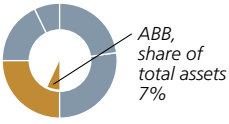
Voting rights: 10%

Market value of holding: SEK 7,613 m.

Serving on the board are the following people from Investor's management or board:

Jacob Wallenberg

Core holding



Chairman: Jürgen Dormann

President and CEO: Fred Kindle

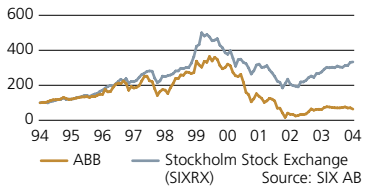
On December 31, 2004

Sales: USD 21.7 bn.

Income after net financial items: USD 861 m.

Market capitalization: SEK 77.2 bn.

Total Return, Index = 100 = Dec. 31 1994



Source: SIX AB

ABB is a global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. ABB operates in more than 100 countries and has approximately 103,000 employees.

ABB has strong market positions in many product areas and countries. Demand is currently strong in most of the company's markets, notably in Asia and particularly in China. During 2004 ABB continued to streamline its divisional structure and increase the profitability of its core businesses, Power Technologies and Automation Technologies. Among other changes in 2004, Fred Kindle was appointed ABB's new President and CEO and Michel Demaré was named new CFO. Efficiency enhancing measures were continued and contributed to profitability improvements, especially within Automation Technology. During the year, an appeals court in the United States decided that ABB's asbestos-liability settlement plan must be renegotiated at the district court level.

INVESTOR'S VIEW OF ABB: As energy needs increase in the world, growth prospects for power technologies will be strong in the next few years, a market in which ABB is solidly positioned. ABB's challenge will be to improve its profitability. ABB is also well positioned in the market for automation technologies. Advancing ABB's positions and boosting profitability will be important tasks for Fred Kindle as new CEO.

www.abb.com





Investor's holding in Atlas Copco

Share capital: 15%

Voting rights: 21%

Market value of holding: SEK 9,436 m.

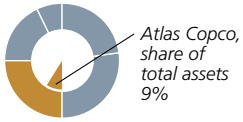
Serving on the board are the following people from Investor's management or board:

Sune Carlsson (Chairman)

Jacob Wallenberg (Vice Chairman)

Ulla Litzén

Core holding



Chairman: Sune Carlsson

President and CEO: Gunnar Brock

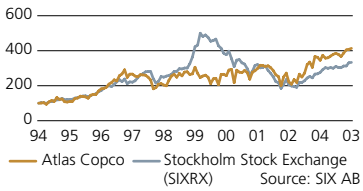
On December 31, 2004

Sales: SEK 48.7 bn.

Income after net financial items: SEK 6.4 bn.

Market capitalization: SEK 61.3 bn.

Total Return, Index = 100 = Dec. 31 1994



Atlas Copco is a global industrial group headquartered in Stockholm. The Group employs approximately 28,000 people and operates through a number of divisions within four business areas: Compressor Technique, Construction and Mining Technique, Industrial Technique, and Rental Service.

In 2004, sales of the Atlas Copco Group increased 9 percent to SEK 48,654 m., corresponding to 8 percent organic growth in volume. Income after net financial items increased 30 percent to SEK 6,380 m. (4,913), despite negative exchange rate effects totaling SEK 720 m. Increased volumes, price increases and efficiency improvements benefited the company. During the past year, Atlas Copco carried out a number of important structural deals, such as the sale of its electrical tools business to Techtronics and the acquisition of Ingersoll-Rand's Drilling Solutions business.

INVESTOR'S VIEW OF ATLAS COPCO: Atlas Copco has a leading position in all of its areas of operation, as well as a substantial, profitable aftermarket and strong corporate culture. Atlas Copco is therefore well positioned for achieving continuing strong growth and profitability.

www.atlascopco-group.com



Electrolux

Investor's holding in Electrolux

Share capital: 6%

Voting rights: 26%

Market value of holding: SEK 2,806 m.

No person from Investor's management or board serves on Electrolux's board.

Core holding



Chairman: Michael Treschow

President and CEO: Hans Stråberg

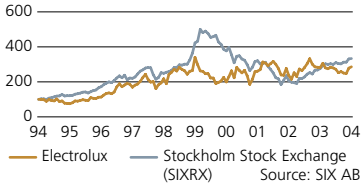
On December 31, 2004

Sales: SEK 120.7 bn.

Income after net financial items: SEK 6.3 bn.

Market capitalization: SEK 46.9 bn.

Total Return, Index = 100 = Dec. 31 1994



The Electrolux Group is the world's largest producer of powered appliances for kitchen, cleaning, forestry work and gardening. More than 55 million Electrolux Group products are sold each year to consumers and professional users in over 150 countries around the world. Electrolux sells products under leading brands, such as AEG, Electrolux, Eureka, Frigidaire, Husqvarna and Zanussi.

During the year Electrolux's profitability was negatively affected by rising costs related to high global market prices for raw material. In order to counter the price pressure on the white goods industry, Electrolux has increased its cost efficiency further by closing a number of production plants in high-cost countries. In connection with the release of its fourth quarter report, Electrolux announced that it will spin off its outdoor products operations as a separate unit. The company also announced that restructuring will be stepped up with regard to relocating production in plants in low-cost countries.

INVESTOR'S VIEW OF ELECTROLUX: Electrolux, as the world's largest white goods manufacturer, has a leading market position. Going forward, it will be important for Electrolux to implement additional measures in areas such as design and product development to strengthen the company's competitiveness.

www.electrolux.com

SCANIA

Investor's holding in Scania

Share capital: 9%

Voting rights: 17%

Market value of holding: SEK 4,978 m.

Serving on the board are the following people from Investor's management or board:

Sune Carlsson, Vice Chairman

Marcus Wallenberg

Core holding



Chairman: Bernd Pischetsrieder

President and CEO: Leif Östling

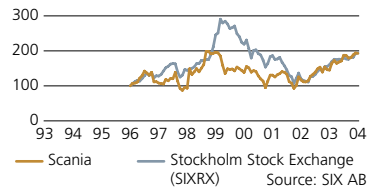
On December 31, 2004

Sales: SEK 56.8 bn.

Income after net financial items: SEK 6.0 bn.

Market capitalization: SEK 52.6 bn.

Total Return, Index = 100 = Dec. 31 1996



Scania is a leading manufacturer of heavy trucks and buses, as well as industrial and marine engines. The company also markets and sells a broad range of service-related products and financing services. Scania operates in about 100 markets, mainly in Europe and Latin America, where production is located.

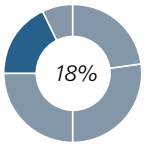
During 2004, Scania launched a new truck range (R-series) that was very well received by resellers and customers. The changeover to the new models in production was successful and profitability could be maintained on a continuing high level. Volvo sold its B-shares in Scania during the year and placed its holding of Scania A-shares in the Ainax holding company. In November 2004, Scania announced a public offer to acquire all outstanding shares in Ainax.

INVESTOR'S VIEW OF SCANIA: Scania's strong corporate culture, modular concept and premium brand constitute the base of the company's high profitability. The enlargement of the European Union, combined with stronger growth in Russia and Asian markets, will most likely mean that these markets will become increasingly important for Scania's long-term development.

www.scania.com



Financial Services



Different types of pension savings and exposure to rapidly growing economies, notably in Eastern Europe, are expected to contribute to strong growth over the next few years. Technical developments in banking services and transaction technology are also opening up new and more convenient ways to carry out services, and are also leading to a strong trend of enhanced productivity. An underlying demographic trend, which is resulting in an increasingly older population in the Western world, will also increase the need for different types of savings.

Investor's holding in SEB

Share capital: 21%

Voting rights: 21%

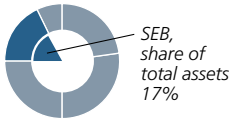
Market value of holding: SEK 17,768 m.

Serving on the board are the following people from Investor's management or board:

Jacob Wallenberg (Chairman)

Marcus Wallenberg (Vice Chairman)

Core holding



Chairman: Jacob Wallenberg

President and CEO: Lars Thunell

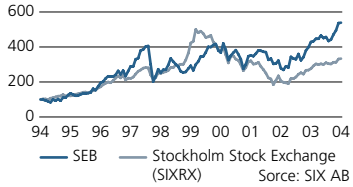
On December 31, 2004

Sales: SEK 28.2 bn.

Income after net financial items: SEK 9.3 bn.

Market capitalization: SEK 90.4 bn.

Total return, Index = 100 = Dec. 31 1994



SEB is a Northern European financial group providing banking services primarily to corporations, institutions and private individuals. SEB has 670 branch offices in Sweden, Germany, the Baltic states and Poland. The bank has approximately five million customers, of whom 1.9 million are using SEB's Internet banking services. The SEB Group is represented in some 20 countries around the world and has about 18,000 employees.

In 2004, SEB continued to focus on its program to increase cost efficiency, customer satisfaction and cross servicing. During the year SEB's volumes grew considerably for key products, such as home mortgages, fund insurance, funds management and credit cards. Despite shrinking margins, weak activity in capital markets and slow demand for company credits, SEB improved its operating results sharply, compared with 2003. Acquisitions in 2004 included Codan Liv & Pension, Eurocard in Denmark and Bank Agio in the Ukraine.

INVESTOR'S VIEW OF SEB: The bank is continuing to strengthen its operations through organic growth and add-on acquisitions. Today, SEB has a broad platform in terms of banking products and geographic markets. The Group's business activities in Eastern Europe provide a solid basis for additional growth and SEB is also strengthening its positions in the Nordic region and Germany, notably for corporate banking services.

www.seb.se

Investor's holding in OMX

Share capital: 11%

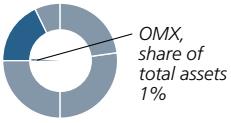
Voting rights: 11%

Market value of holding: SEK 1,101 m.

Serving on the board are the following people from Investor's management or board:

Adine Grate Axén

Core holding



Chairman: Olof Stenhammar

President and CEO: Magnus Böcker

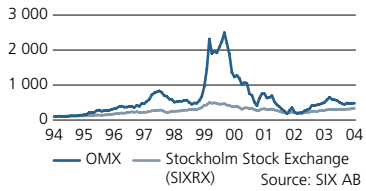
On December 31, 2004

Sales: SEK 3.1 bn.

Income after net financial items: SEK 462 m.

Market capitalization: SEK 9.8 bn.

Total Return, Index = 100 = Dec. 31 1994



Source: SIX AB

OMX owns and operates the largest integrated securities market in Northern Europe and is a leading provider of marketplace services and technical solutions for the financial and energy markets. OMX has two divisions: OMX Exchanges and OMX Technology. OMX Exchanges includes the stock exchanges in Stockholm, Helsinki, Tallinn, Riga and Vilnius, as well as securities depository centers in Estonia, Latvia and Lithuania. OMX Exchanges offers customers access to 80 percent of the Nordic and Baltic securities markets. OMX Technology is a world leading provider of solutions and services – transaction technology, processing and outsourcing – for banks, stockbrokers, stock exchanges, clearing houses and securities depository centers During the year, OMX acquired the Copenhagen stock exchange and strengthened its position as the leading financial marketplace in the Nordic region.

In 2004, OMX reported sales of SEK 3,115 m. and income after financial items totaling SEK 462 m. OMX had 1,355 employees at year-end.

INVESTOR'S VIEW OF OMX: An integrated Nordic and Baltic securities market is beneficial to OMX's customers and shareholders. OMX has a strong technology business with proven systems and services that have been sold to a large number of customers all over the world. The company is stronger today as a result of comprehensive streamlining, efficiency improvements and focusing its business.

www.omxgroup.com

Investor in figures

Investor's net asset value grew by SEK 6,903 m. during 2004. This was the second consecutive year that Investor's net asset value increased. During the year, Investor reduced its holding in AstraZeneca and increased its stake in Scania/Ainax. Eleven new investments and a number of exits were made in the New Investments business, which generated a positive cash flow. Operating costs were reduced by another 9 percent and net debt decreased from 20 percent to 15 percent.

Read more on the Web: nav.investorab.com »

Positive net asset value growth

Investor's net asset value rose from SEK 83,063 m. to SEK 89,966 m. during 2004, corresponding to an increase of SEK 108 to SEK 117 per share. On the whole, the growth in net asset value was SEK 6,903 m., of which core holdings accounted for most of the increase. Investor's two main business areas also increased the net asset value in 2004.

The positive performance of core holdings in 2004 was due to a strong year for many stock markets, with many companies reporting earnings improvement and stronger balance sheets. Measures to improve the financial position and profitability of core holdings contributed to higher valuations on stock exchanges.

The New Investments business recorded its best year since 2000. After a few weak years for the venture capital industry, the market has recovered slightly during the past two-year period. The net asset value was impacted favorably by work to develop companies in New Investments in combination with a more favorable market for initial public offerings and a recovery of the venture capital industry in 2004.

In addition to the positive development of the Core Holdings and New Investments business areas, Investor's net asset value was also affected by groupwide items totaling SEK –2,730 m., of which the dividend to Investor shareholders represented SEK –1,726 m.

Overview of net asset value

	12/31 2004 market value, SEK m.	12/31 2003 market value, SEK m.
Core Holdings		
SEB	17,768	14,657
Ericsson	17,437	10,711
AstraZeneca	15,327	29,675
Atlas Copco	9,436	8,100
ABB	7,613	7,368
Gambro	6,487	4,074
Scania	4,978	3,672
Electrolux	2,806	2,980
Saab AB	2,496	2,356
Ainax	1,182	–
OMX	1,101	1,159
WM-data	1,012	1,089
	87,643	**85,841**
New Investments		
Investor Growth Capital	6,514	8,169
EQT	3,896	4,033
Investor Capital Partners – Asia Fund	410	543
	10,820	**12,745**
Other Holdings		
Hi3G	1,621	1,621
Fund investments	593	801
Other	192	502
	2,406	**2,924**
Other Operations		
The Grand Group	1,475	1,075
Land and real estate	300	300
Active portfolio management	3	102
Other	90	84
	1,868	**1,561**
Other assets and liabilities	2,780	585
Total assets	**105,517**	**103,656**
Net debt	–15,551	–20,593
Total net asset value	**89,966**	**83,063**

Change in net asset value during the year

SEK m.	Income for the year	Change in surplus value, etc.	Dividend	Change in net asset value
Net asset value on December 31, 2003				**83,063**
Core Holdings	7,841	1,645		9,486
New Investments	910	–763		147
Other	–604	–400	–1,726	–2,730
	8,147	*482*	*–1,726*	*6,903*
Net asset value on December 31, 2004				**89,966**

Core Holdings

The increase in the net asset value of Core Holdings was due mainly to Ericsson, SEB and Gambro, whose values rose by SEK 6,726 m., SEK 3,111 m. and SEK 2,413 m., respectively. Atlas Copco, Scania/Ainax, ABB and Saab accounted for smaller value increases.

The positive growth in net asset value was affected negatively by AstraZeneca, whose value changed by SEK –6,977 m. The year 2004 involved a number of setbacks for the company, which was also reflected by a sharp decline in its stock price during the year.

PURCHASES AND SALES

During the year, a total of SEK 1,509 m. was invested in core holdings, of which SEK 487 m. in Scania and SEK 1,022 m. in the Ainax holding company. The investment in Scania and Ainax was based on Investor's belief in the return potential of Scania/Ainax in combination with creating a solution to Scania's ownership situation.

Purchases	Amount, SEK m.
Ainax	1,022
Scania A	487
	1,509
Sales	
AstraZeneca	7,320
Electrolux (buyback program)	117
Scania B	296
	7,733

In 2004, shares were sold for a total of SEK 7,733 m., of which the sale of shares in AstraZeneca accounted for SEK 7,320 m., generating a capital gain of SEK 6,148 m. Shares were sold to reduce Investor's debt. When A-shares were purchased in Scania, B-shares were sold for SEK 296 m. In connection with Electrolux's share redemption offer, Investor redeemed A-shares for SEK 92 m. and also sold Electrolux B-share redemption rights for SEK 25 m.

New Investments

The New Investments business area increased Investor's net asset value by SEK 147 m. in 2004. The increase in the net asset value was attributable mainly to a number of successful exits, such as Tessera and Dahl, and to the improved performance of a number of unlisted holdings. However, a continuing weak dollar negatively affected the value of New Investments in 2004. In general, Investor has a balanced portfolio of companies in which several holdings are ready for IPOs.

During the year it was announced that b-business partners will focus exclusively on its existing holdings in the future.

The venture capital market in 2004 was characterized by positive, although cautious, development with improved valuations and a continuing return to more normal levels of activity. The strong development of stock markets led to some improvement in the exit market and the conditions for initial public offerings. The U.S. venture capital industry continued to benefit from an improved business environment and the year-end stock market rally allowed for a pickup of IPO activity among venture-backed companies. With the last five-year investment cycle nearing an end, successful venture fund groups are again raising new funds. As is usual, the industry turn is at an earlier stage in Europe. The New Investments business area remains dependent on improvements in exit opportunities and a better environment for IPOs and industrial sales.

PURCHASES AND SALES

Eleven new investments were made in 2004, of which ten within Investor Growth Capital and one within EQT. Nine holdings in the New Investments business area were sold in their entirety during the year, of which one, Kingclean, was divested within Investor Capital Partners – Asia Fund. In addition, a number of holdings were partially sold. Investments totaled SEK 1,818 m. in New Investments and shares were sold for SEK 4,448 m. Realized proceeds include SEK 871 m. in uninvested capital that b-business partners redistributed to Investor. The business area New Investments thereby generated a very strong cash flow.

Unit	Purchases	Sales
Investor Growth Capital	Cradle Technologies	Alibaba
	Dotomi	ASM Pacific
	EpiValley	Axcan Pharma (part)
	eSilicon	Idealab
	Greenway Medical	Intuitive Surgical
	MC Technologies	ISTA (part)
	Myocor	Kyphon (part)
	Shoei	Lycos Europe (part)
	Solstice Neurosciences	Molecular Staging
	Swedish Orphan International	Tessera (part)
EQT	Sirona	Dahl
		Vaasan & Vaasan
		Thule
Investor Capital Partners – Asia Fund		Kingclean

Other Holdings and Other Operations

Other Holdings increased Investor's net asset value by SEK 82 m. Other Operations had a negative impact of SEK –19 m., due to costs for the continuing renovation and remodeling of the Grand Hôtel in Stockholm.

The net asset value was also affected by groupwide items totaling SEK –2,793 m., of which the dividend to shareholders represented SEK –1,726 m.

As a whole, Other changed the net asset value by SEK –2,730 m.

HI3G

During the year Investor made no additional shareholder's contributions for the financing of Hi3G but provided SEK 2,233 m. in the form of loans. Hi3G's financing needs in 2005 are estimated to be below the level in 2004.

Investor's financing of Hi3G

	1/1-12/31 2004	12/31 2003	Total
Shareholder's contributions	–	1,648	1,648
Loans[1)]	2,233	1,800	4,033
Total	**2,233**	**3,448**	**5,681**

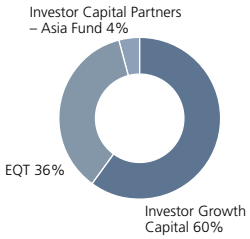
1) Included in "Other assets and liabilities" in the net asset value table.

NEW INVESTMENTS

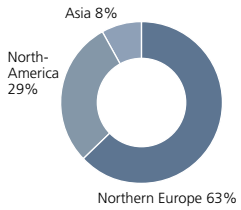
Investor Growth Capital

SEK m.	Market value 12/31 2004	Market value 12/31 2003
	6,514	8,169

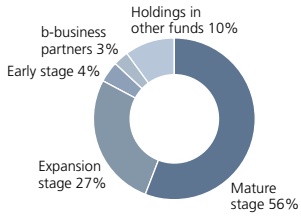
By unit



Geographic distribution



Development stage

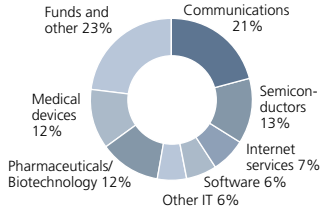


Investor Capital Partners – Asia Fund on December 31, 2004

SEK m.	Startup year	Total capital commitment	Investor's share of capital commitment	Investor's share of invested capital[1)]	Market value of Investor's remaining holdings	Holdings
Asia Fund[2)]	2000	2,130	1,323	871	410	Global Beauty, Memorex

1) Also includes capital invested in holdings that have already been sold
2) The following rates were used to translated to SEK: USD = 6.6156.

Investor Growth Capital by sector



EQT's funds on December 31, 2004

SEK m.	Startup year	Total capital commitment	Investor's share of capital commitment	Investor's share of invested capital[1)]	Market value of Investor's remaining holdings	Holdings
EQT I	1995	3,260	587	574	131	Duni (40%), FlexLink
EQT II	1998	6,193	1,103	964	507	HemoCue, Findus, Tradex, Salcom, IHI, Eldon
EQT III	2001	18,045	5,784	4,074	3,051	Dometic, Duni (60%), Plantasjen, Leybold Optics, Symrise, ComHem, Finn-Power, VTI Technologies, Sirona
EQT IV	2004	22,557	4,207	29	–	–
Denmark	1998	1,234	217	159	72	Contex, Nederman
Mezzanine	2003	1,668	275	51	44	Stenqvist, SportFive
Finland	1999	593	188	116	91	ADR Haanpää, Bewator
Totalt[2)]		**53,550**	**12,361**	**5,967**	**3,896**	

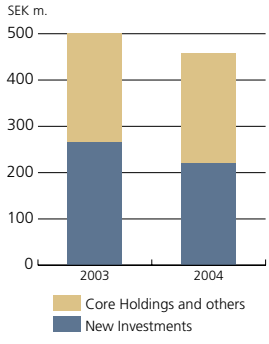
1) Also includes capital invested in holdings that have already been sold.
2) The follow

Operating costs

Operating costs totaled SEK 458 m. in 2004, down 9 percent from 2003. Approximately half of Investor's costs are attributable to the New Investments business area, which operates in the relatively cost-intensive venture capital industry. In 2004, it was decided to implement a cost savings program within Investor Growth Capital and related support functions. Most of the savings were achieved already during 2004.

Since 2001, operating costs have been reduced considerably from just under SEK 700 m. to SEK 458 m. Operating costs as a percentage of total assets, an established way to measure the cost efficiency of an assets management company, were 0.4 percent. When comparing equivalent investment alternatives, such as other investment companies and venture capital firms, Investor's cost level is considered competitive.

Operating costs



Investor actively focuses on reducing its operating costs, which decreased by another 9 procent during 2004.

Consolidated net debt

Investor's financial position was strengthened considerably during the year. Consolidated net debt declined 24 percent, from SEK 20,593 m. to SEK 15,551 m. Investor's net debt amounted to 15 percent of total assets, compared with 20 percent at year-end 2003. The reduction in debt, in combination with high liquidity, has increased Investor's financial flexibility. Debt was reduced primarily by selling shares in AstraZeneca in the beginning of 2004. Moody's upgraded Investor's credit rating from Baa1 to A3 during the year. In February 2005, Moody's raised Investor's credit rating one more step to A2.

GOAL ACHIEVEMENT

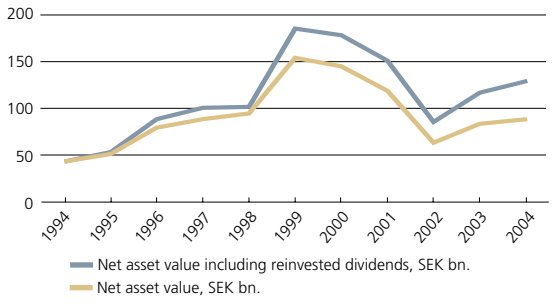
Investor's overall financial goal is to grow the net asset value in excess of market cost of capital over a business cycle. The net asset value, defined as the market value of total assets less net liabilities, is the measure that best reflects the development of an industrial holding company like Investor. To reflect the actual growth in value within Investor, dividends redistributed to shareholders are taken into account when calculating the change in net asset value.

When following up Investor's goal, the change in net asset value is compared with the risk-free interest rate plus the risk premium. To calculate how the goal was achieved in 2004, Investor used a risk-free interest rate of 5 percent and a risk premium of 5 percent. The time period that was used is ten years to take into account the long-term nature of Investor's operations. As an alternative, the average time that Investor owns a holding could be used. However, this would involve a much longer measurement period than ten years, which is why the ten-year period has been used instead.

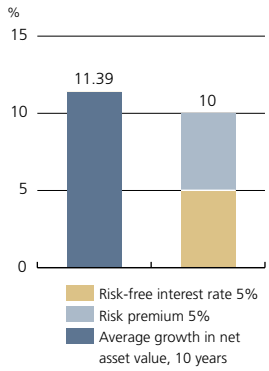
As illustrated in the chart "Goal achievement", Investor has reached its financial goal over the past ten-year period. The average growth in net asset value has been 11.4 percent, which can be compared with the market requirement of about 10 percent.

For the venture capital activities of the New Investments business, Investor's return requirement is an average annualized return on realized investments (IRR) of 20 percent. The average annualized return on realized investments in 2004, as well as for all years since 1998, has met the minimum requirement of 20 percent.

Change in net asset value over the past ten years (on December 31)



Goal achievement



Investor shares

Investor is the largest industrial holding company in the Nordic region with a market capitalization of SEK 65 bn. on December 31, 2004 (53). At the end of the year, Investor was the twelfth largest company on the Stockholm Stock Exchange. The total return on Investor shares was 25 percent in 2004 (43). The total return has been 79 percent during the past two-year period.

Read more on the Web: share.investorab.com »

Stock exchanges in 2004

In 2004, as in 2003, share prices on the world's stock exchanges generally increased. During the year many companies reported higher profits and stronger balance sheets. However, the development of stock markets was weighed down by a number of worries, such as the rising price of oil, the weaker dollar and geopolitical uncertainties.

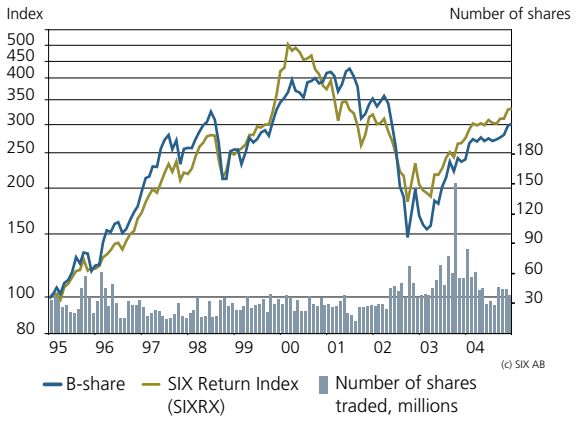
The Stockholm Stock Exchange, where most of Investor's holdings are listed, performed strongly in the first quarter but remained relatively unchanged during the rest of the year. The telecom, power, consumer products and financial services sectors showed the strongest performance, which also had an impact on most of Investor's holdings, and consequently, on Investor share prices. The SAX index of the Stockholm Stock Exchange increased 18 percent for the full year 2004.

The Stockholm Stock Exchange performed strongly, compared with stock markets in other countries, such as the Nasdaq exchange and the FTSE in the U.K. The Nasdaq exchange, where Investor holdings such as Kyphon, ISTA and Tessera Technologies are listed, was up 9 percent for the full year 2004, which was much less than in 2003, when the exchange rose 50 percent. The London Stock Exchange showed an increase of 8 percent in 2004. The trend of the Nasdaq and London exchanges was considerably different from the performance of the Stockholm Stock Exchange, since share prices declined during the first half of the year but rallied strongly during the second half.

Turnover

The turnover of a company's shares indicates how liquid the shares are – that is, how much the share is traded. Investor's most actively traded shares are class B shares. One method of measuring turnover is to analyze the turnover rate, here defined as the total number of traded shares as a percentage of the total number of shares outstanding in the company. During 2004, turnover in Investor shares totaled 593.2 million shares (813.2), of which 34.6 million were class A shares (76.4) and 558.6 million were class B shares (736.8). This corresponded to a turnover rate of 77 percent (106), compared with 124 percent (122) for the total turnover on the Stockholm exchange. On average, 2.3 million (3.3) Investor shares were traded daily.

Total return and turnover



Return

The price of Investor's class B share increased during 2004 from SEK 69.50 to SEK 84.50, or 22 percent. During the same period the price of Investor's class A share rose from SEK 68.50 to SEK 84.50, or 23 percent. The diagram above shows the trend for the total return on Investor shares. In addition to share price growth, total return includes reinvested dividends. The average annual total return on Investor shares in the past one, five, ten and 20 years has been 25, –3, 12 and 15 percent, respectively.

COVARIANCE BETWEEN SHARE PRICE AND NET ASSET VALUE

Long-term net asset value growth provides the basis for generating an attractive total return for Investor's shareholders in the long run.

The degree of covariance between the share price and net asset value is affected by the market's access to information and how it interprets it – both information about the company and factors in the business environment that might impact the valuation of the company. Other factors affecting covariance might be changes in the market's behavior, for example, if investors change their investment focus and risk profile.

During 2004, the correlation has varied between 0.71 and 0.91 (based on 50 days of data) for an average value of 0.80.

This is a consistently high correlation, indicating that Investor, as a company, has high transparency, enabling the market to see and react to changes in Investor's net asset value.

Risk and risk-adjusted return

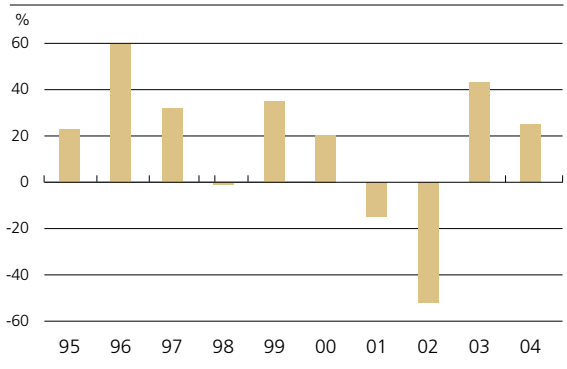
When analyzing investment returns, the risk that a given investment has involved should also be taken into account. One measure of risk is volatility, the variation in a share's price, for example, both in absolute terms and relative to the market. High volatility indicates that a share's price movements have varied sharply. The table "Return and risk" shows the volatility of Investor shares over different periods. The Stockholm Stock Exchange as a whole has lower volatility than Investor's shares, which can be explained by the fact that the exchange consists of a large number of companies. Over time, the volatility of Investor shares has been relatively constant.

The Sharpe ratio is a measure of a share's return in relation to its risk. A high Sharpe ratio indicates a high return in relation to the level of risk. The Sharpe ratio allows the comparison of a risk-adjusted return with different types of assets over time.

Return and risk, 2004	1 yr	3 yrs	5 yrs	10 yrs	20 yrs
Total return, %	25	–15	–13	203	1,807
Annual average return, %	25	–5	–3	12	16
Annual volatility, %	19	32	31	28	34
Sharpe ratio	1.22	n/a[1)]	n/a[1)]	0,26	0.28

1) When the annual average return is negative for these periods, the Sharpe ratio is not a relevant measure.

Total return

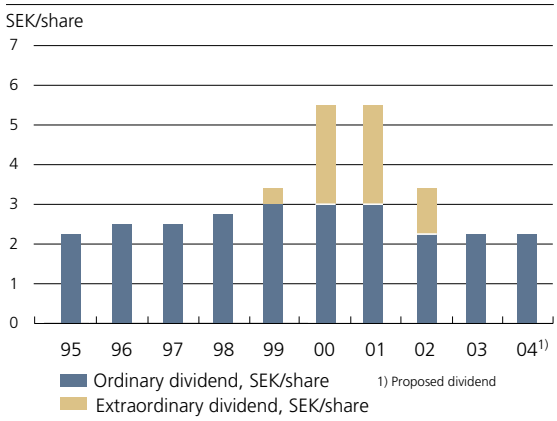


Dividend policy and dividend

Investor's dividend policy was reviewed during 2004 and its was decided to keep the former dividend policy, which states that a high percentage of dividends received are to be distributed to shareholders in the form of an ordinary dividend. The dividend should also increase evenly over time.

The Board of Directors and President propose that shareholders receive a dividend of SEK 2.25 per share (2.25), corresponding to SEK 1,726 m. (1,726) or 101 percent (104) of dividends received for fiscal 2004.

Dividend



Ownership structure

At year-end 2004, Investor's share capital totaled SEK 4,795 m., represented by 767 million shares, each with a par value of SEK 6.25. The number of Investor shareholders decreased slightly during the year from 133,299 to 131,565.

Shareholders statistics according to VPC, December 31, 2004[1)]

Size of holding		Number of shareholders	Shares as % of share capital
1–	2 000	118,653	6
2 001–	20 000	11,623	8
20 001–	40 000	576	2
40 001–	80 000	276	2
80 001–	200 000	194	3
200 001–	400 000	91	3
400 001–	2 000 000	93	11
2 000 001–	4 000 000	30	10
4 000 001–	8 000 000	16	12
8 000 001–		13	43
		131,565	**100**

1) Directly registered or registered in the name of nominees.

The ownership structure has remained concentrated in general. In terms of numbers, the largest category of shareholders is private investors, a total of 120,658 or 92 percent of the total number of owners. Institutional owners dominate with 87 percent of the shares being owned by 10,907 institutional owners. The largest single shareholder category is foundations. The Wallenberg foundations jointly own 22.0 percent of the share capital and 46.9 percent of the voting rights.

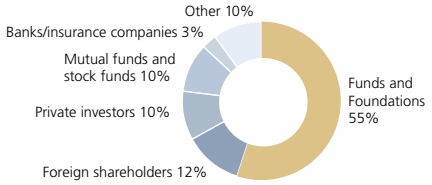
During the year the percentage of share capital held by foreign shareholders increased from 19 percent of the capital to 20 percent, while their share of the voting rights declined from 12 percent to 11 percent. Foreign owners primarily own class B shares. Owners in the United Kingdom hold the largest number of shares outside Sweden, or 7 percent of the share capital.

Investor's 15 largest shareholders listed by voting rights, December 31, 2004[1)]

	12/31 2004		12/31 2003	
	% of votes	% of capital	% of votes	% of capital
Knut and Alice Wallenberg Foundation	40.0	18.6	40.0	18.6
EB Foundation	4.9	2.3	4.9	2.3
Nordea's mutual funds	4.6	2.8	4.8	2.8
Skandia	4.0	3.1	4.0	3.8
Marianne and Marcus Wallenberg Foundation	3.5	1.6	3.5	1.6
Robur's mutual funds	3.2	4.5	3.0	5.0
Marcus and Amalia Wallenberg Memorial Fund	2.6	1.2	2.6	1.2
Custodial Trust Company	1.9	0.9	1.7	0.8
SEB	1.7	1.3	1.7	0.9
AMF Pension	1.7	4.7	1.7	5.0
Nordea Bank	1.0	0.6	1.2	0.8
JP Morgan Chase Bank	0.9	1.6	1.4	1.9
SEB's mutual funds	0.9	2.4	0.5	1.3
Third AP Fund	0.7	0.4	0.8	1.0
Fourth AP Fund	0.7	2.1	0.4	1.0

1) Directly registered, or registered in the name of nominees, with VPC.

Distribution of shareholders (% of votes)



Structure of share capital on December 31, 2004

Class of share	Number of shares	Number of votes	% of capital	% of votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
Total	**767,175,030**	**357,239,262**	**100.0**	**100.0**

Corporate Governance

Investor's corporate governance practices are based on Swedish law, primarily the Swedish Companies Act, the Listing Agreement of the Stockholm Stock Exchange and the rules and recommendations issued by relevant Swedish organizations, such as the Industry and Stockholm Exchange Committee. In December 2004, a Swedish Code of Corporate Governance was presented. The Stockholm Stock Exchange is planning that companies on the A-list, and major companies on the O-list, will start to apply the code as of mid-2005. Investor has gradually started to adopt the new corporate governance code.

In addition to legislation, regulations and recommendations, Investor's Articles of Association constitute a central document that establishes the company's name and purpose, where the board is registered, the focus of Investor's business activities and information concerning its share capital.

Annual General Meeting

The Annual General Meeting (AGM) is the decision-making body in which all shareholders can participate. Investor's AGM is held annually in the Stockholm area during the first half of the year. The business of the AGM is to report on the company's financial performance and make decisions on a number of central issues, such as the dividend, changes to the Articles of Association, the appointment of auditors (every four years), discharging the board of liability for the fiscal year, compensation for the board and auditors and approving the new board for the period up to the next AGM.

Shareholders who cannot attend the AGM in person may appoint a proxy. The President's address is published on Investor's website the day after the AGM and the minutes from the meeting are made available on the website a few weeks later. Due to very little demand and the high production cost, Investor has not considered it justifiable to webcast the AGM live.

Approximately 900 shareholders, representing 73 percent of the votes and 54 percent of the capital, attended the 2004 AGM at Cirkus in Stockholm on March 23. The 2005 AGM will be held at Cirkus on April 11, 2005.

Appointment of the board and auditors

The AGM decides how the nomination process will be carried out for the board members. At the 2004 AGM, it was decided that a Nomination Committee should be formed not later than six months before the next AGM, and that the committee's members would include representatives for Investor's major shareholders. The composition of the committee was made public on October 8, 2004, and all shareholders had the opportunity to submit proposals for board candidates to the Nomination Committee. The committee made an evaluation of the board and its work, after which it developed a proposal for a new board that was submitted in conjunction with the notice of the upcoming AGM.

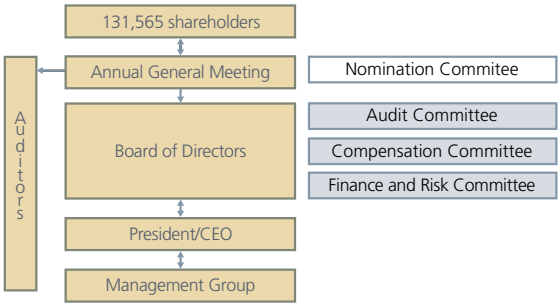
In addition to the chairman of the board, the Nomination Committee for the 2005 AGM includes the following representatives for the largest shareholders: Pia Rudengren (Knut and Alice Wallenberg Foundation), Peter Rudman (Nordea's mutual funds), Lars Isacsson (EB Foundation) and Caroline af Ugglas (Skandia). The chairman of the board was elected chairman of the Nomination Committee. The Nomination Committee has had three meetings before the 2005 AGM, as well as informal contacts between meetings. Jacob Wallenberg, who is proposed to be Investor's new chairman, has been co-opted onto the meetings. The committee will report on its work at the AGM.

Due to the adoption of the new Swedish Code of Corporate Governance, the nomination committee will be given the additional responsibility, after the 2005 AGM, to develop proposals for the chairman, the chairman of the AGM, board compensation (divided between the chairman, other board members and for committee work), and for auditors and their audit fees.

The company's auditors are appointed by the AGM every four years. The task of the auditors is to audit the company's annual accounts and accounting records on behalf of shareholders, as well as the administration of the board and president. Investor has engaged the services of two auditing firms, KPMG Bohlins and Ernst & Young. Auditing firms were last re-elected at the 2003 AGM. The responsible auditor for each auditing firm was also elected at the 2003 meeting. Carl Lindgren was appointed chief auditor for KPMG's audit and Jan Birgerson was named chief auditor for Ernst & Young's audit. During the past few years, the auditing firms have had a limited number of other assignments from Investor in addition to auditing work. These assignments have mainly involved in-depth reviews and special audits. All compensation paid to the auditors during the past two years is shown in Note 4 on page 76.

Board

Investor's board is responsible for the company's organization and the administration of the company's business. The Articles of Association state that Investor's board shall consist of no less than three and no more than 11 directors. The board appoints a chairman who, in accordance with Swedish



law for public companies, cannot serve concurrently as president of the company. When the new Swedish Code of Coprorate Governance is adopted, the chairman will be appointed by the AGM.

The chairman has the role to lead the board's work and ensure that the board carries out its assignments. With the exception of the president, no member of Investor's board has an operative role in the company. The board's composition is presented on page 44. A report on the board's work in 2004 is found on page 42. As part of the company's efforts to increase the efficiency and depth of the board's work on certain issues, Investor has a number of committees, such as the Compensation Committee, Audit Committee, and Finance and Risk Committee. The delegation of responsibility within these committees, and their right to make decisions, is specified in the board's procedural plan. Issues that the committees have dealt with, and the decisions they have made at meetings, are minuted and a report is submitted at the following board meeting.

In 2004, Investor's board fulfilled the criteria for independence established by the Stockholm Stock Exchange. The Swedish Code of Corporate Governance will involve additional regulations and definitions for independent board members.

Compensation for the board for the coming fiscal year is decided each year by the AGM. For 2004, the AGM approved compensation totaling SEK 4,725,000. Note 3 on page 73 specifies how this compensation was divided among members. The chairman receives higher compensation than the other board members, which reflects the extra work duties that this position involves. Part of the total compensation is used to compensate board members who are members of committees to the board. Other than the president, no board members are participating in a share program or other equity-related incentive program.

Investor's board formulates a procedural plan every year which is used as a means to manage the board's work. The procedural plan includes the following:

- the board shall meet at least five times per year, and in the event of urgent matters, a board meeting may take the form of a telephone or video conference,
- the president is empowered to sign the company's interim reports and year-end report,
- board members shall receive documentation regarding matters to be dealt with at board meetings in good time prior to the meeting, and be provided with a monthly report of the company's operations and development, and
- auditors shall be invited to report on their auditing work at board meetings.

The procedural plan also includes a description of certain matters to be dealt with at each board meeting and the specific decisions that shall be made at the statutory meeting. The procedural plan also gives instructions for the president and the company's Compensation Committee, Audit Committee, and Finance and Risk Committee.

Financial reporting

Investor's accounting practices are based on laws, regulations, rules, agreements and recommendations for companies listed on the Stockholm Stock Exchange. The accounting principles are described in further detail in Note 1 on page 63. The Audit Report for fiscal year 2004 is on page 89.

The board secures the quality of Investor's accounting practices through a special committee – the Audit Committee. It is important to ensure that the accounting and finance organization is properly sized and has sufficient resources. The Audit Committee meets regularly with the head of finance and auditors, and with different specialists in the auditing field, for example. The Audit Committee is the primary communications channel between the board and the company's auditors. At meetings, the committee discusses auditing issues of particular importance with regard to alternatives and their effect on reporting. The auditors' report on the year-end financial statements and ongoing audits are also reviewed in depth. In a company like Investor, special attention is given to issues such as the valuation of unlisted holdings and financial instruments.

All board members receive the latest draft of interim and annual reports before the reports are released. These drafts are also usually discussed with the auditors. In addition, board members receive a monthly report with the latest financial results and information on the status of the company. Monthly reports are also used at the meetings of the Audit Committee.

Internal controlling and internal auditing

Investor did not have a separate unit for internal auditing during 2004, although a function for this purpose is being estab-

lished. Internal auditing has been performed by assigning different Investor functions the task of establishing policies and ensuring that they are followed within central areas, such as the personal account trading of employees in securities and the risks in Investor's active portfolio management and finance operations. The operations of different departments have been audited on a continuous basis by external parties, such as experts from the major auditing firms. The new internal auditing unit will continue to develop systems for internal control processes and regularly report to the board on its work.

Management

The president, also the Chief Executive Officer (CEO), is responsible for Investor's day-to-day operations. Written instructions establish how responsibilities are divided between the board and president. The president's responsibilities cover ongoing investments and divestments, personnel, finance and accounting issues, regular contacts with the company's stakeholders, such as authorities and the financial markets, and the preparatory work for board meetings. The president of Investor has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business activities. The members of the Management Group are presented on page 46. Investor complies with the regulations concerning insider trading and has a number of employees in management positions registered as insiders in Sweden. In addition, Investor has strict internal regulations for securities trading in order to prevent trading by staff that possess price-sensitive information.

Investor's Compensation Policy aims to offer compensation ensuring that senior executives, as well as other employees, can be recruited and retained in the company. Compensation for Investor's employees consists of the following components: basic salary, variable salary, variable long-term incentive programs, pension and other remuneration (see Note 3 on page 70 for more information). The basis for Investor's compensation is that it is to be on market terms.

The AGM in 2004 approved a long-term incentive program for all Investor employees. At the meeting the Compensation Committee also reported on the principles behind compensation paid to Investor's Management Group. These compensation principles will be subject to the approval of the 2005 AGM.

Release of information

The release of regular and correct information to shareholders and the business environment is important so that stakeholders can follow Investor's operations and performance. Interim reports and annual reports are regularly released in Swedish and English. News and events that are considered to have an impact on Investor's share prices are also announced by issuing press releases. Substantial information about the company is available on Investor's website, which is updated continuously. For example, the website contains a separate section on corporate governance, among other information. Investor strives to have effective communications with shareholders and has an Investor Relations function dedicated to this. Among other activities, Investor representatives meet with a large number of shareholders each year in Sweden and other countries.

Swedish Code of Corporate Governance

Investor intends to apply the new code of corporate governance, which comes into effect as of mid-2005. However, the company has started to adopt the code on a gradual basis. In accordance with the code, for example, a corporate governance report will be appended to the annual report for fiscal year 2005. Any deviations from the regulations in the code will be clearly specified and motivated on the basis of the "comply or explain" principle.

Investor AB's board work in 2004

During the year the board had six regular and two extraordinary meetings, with an average attendance of 96.4 percent. Hans Wibom, an attorney, was secretary for these meetings. During meetings in 2004, the board discussed strategy issues and potential acquisitions and divestments. As part of this work, Investor's management presented analyses and other studies. The company's economic and financial position was also discussed, notably Investor's leverage, costs, tax issues, liquidity and dividend. The board also closely monitored the performance of core holdings. For example, the voting rights issue in Ericsson, which was resolved during the year, was dealt with by the board. Issues concerning Scania were discussed in greater detail in connection with the acquisition of shares in Ainax. The board also discussed changes in the global economy, for example, how the weaker U.S. dollar and China's rapid growth might impact Investor and the business activities of portfolio companies.

Regarding the New Investments business, the board received regular reports on the performance of major portfolio companies and applied valuation principles, and generally followed developments in venture capital markets in the United States, Europe and Asia. In addition, the board has continuously followed up Hi3G's (3) performance.

Policies for corporate information and CSR activities were approved. The consequences of adopting International Financial Reporting Standards (IFRS) were also presented to the board and analyzed. In connection with the proposal for the new Swedish Code of Corporate Governance, corporate governance issues were also discussed.

AUDIT COMMITTEE IN 2004

Investor's Audit Committee is appointed annually by the board. In 2004, the committee's members consisted of board members Sune Carlsson (committee chairman), Claes Dahlbäck and Håkan Mogren. In 2004, the committee had three meetings during which minutes were taken, and when needed, informal contacts between these meetings. The company's auditors participated in all audit meetings in 2004. The committee also receives monthly financial reports on the performance of the Group and maintains a continuous dialog with the Management Group about financial issues.

A substantial portion of the Audit Committee's work was focused on the adoption of the new International Financial Reporting Standards (IFRS) and its effects on Investor. The valuation of unlisted holdings, notably Hi3G and holdings in the New Investments business, were other issues that were discussed. In the beginning of the year, the committee also approved the auditing plan and fees for auditors. The results of the auditors' work were reviewed in December 2004 and in January 2005.

COMPENSATION COMMITTEE IN 2004

Investor's Compensation Committee is appointed each year by the board. In 2004, the committee's members consisted of board members Claes Dahlbäck (committee chairman), Anders Scharp, O. Griffith Sexton and Peter D. Sutherland.

The main purpose of the committee is to enable an independent and thorough transparency regarding all aspects of Investor's compensation program and to make decisions about executive compensation in the company. The committee also decides on other compensation issues and reports on them to the board. In 2004, the committee had three meetings during which minutes were taken, and when needed, informal contacts between these meetings.

In 2004, a comparative study was made of the compensation levels for senior executives using an external consulting firm in the field. The study verified that Investor's total compensation for management members is in accordance with market terms. The Compensation Committee also worked on developing a new proposal for a long-term incentive program for senior executives.

FINANCE AND RISK COMMITTEE IN 2004

Investor's Finance and Risk Committee is appointed each year by the board. In 2004, the committee's members consisted of board members Björn Svedberg (committee chairman), Sirkka Hämäläinen, Ulla Litzén and Marcus Wallenberg.

The Finance and Risk Committee's task is to identify risks in the financial area, and when needed, to indicate measures that are required to limit them. The committee regularly discusses sector exposure and the weight of holdings in Investor's portfolio in comparison with different indices. During the year, the Finance and Risk Committee continued to discuss currency hedging measures. Investor's dividend policy was also reviewed, as well as compliance issues, such as the personal account trading of employees and disclosure policies. In 2004, the committee had five meetings during which minutes were taken, and when needed, informal contacts between these meetings.

Name	Elected	Position	Audit Committee	Compensation Committee	Finance and Risk Committee
Claes Dahlbäck	1983	Chairman	■	■	
Jacob Wallenberg	1998	Vice Chairman			
Sune Carlsson	2002	Member	■		
Sirkka Hämäläinen	2004	Member			■
Ulla Litzén	2003	Member			■
Håkan Mogren	1990	Member	■		
Anders Scharp	1988	Member		■	
O. Griffith Sexton	2003	Member		■	
Peter D. Sutherland	1995	Member		■	
Björn Svedberg	1998	Member			■
Marcus Wallenberg	1990	Member, President and CEO			■

■ Chairman ■ Member

Board of Directors



Claes Dahlbäck
born 1947
Chairman
Director since 1983,
Chairman since February 2002 (Vice Chairman from 1999 to February 2002). President and CEO of Investor AB 1978-1999

Other board assignments:
Chairman of the EQT funds, Gambro AB, Stora Enso Oyj and Vin & Sprit AB
Vice Chairman of W Capital Management AB
Director of The Goldman Sachs Group, Inc.

Education: M.Sc. Economics, Stockholm School of Economics and Reserve Officer in the Swedish Navy

Committee assignments in Investor: Compensation Committee, Audit Committee and Chairman of the Nomination Committee

Shares in Investor:
187,000

See Note 3 for holding of employee stock options.



Sirkka Hämäläinen
born 1939
Director since 2004

Other board assignments:
Director of KONE Corporation, HKKK Holding, The Foundation for Economic Education and SanomaWSOY

Education: D.Sc. in Economics, Helsinki School of Economics

Committee assignments in Investor:
Finance and Risk Committee

Shares in Investor: 0



Jacob Wallenberg
born 1956
Vice Chairman
Director since 1998,
Vice Chairman since 1999

Other board assignments
Chairman of SEB Skandinaviska Enskilda Banken AB and W Capital Management AB
Vice Chairman of Atlas Copco AB, the Knut and Alice Wallenberg Foundation AB and SAS AB
Director of ABB Ltd, the Nobel Foundation and the Confederation of Swedish Enterprise

Education: B.Sc. Economics and M.B.A., Wharton School, University of Pennsylvania

Shares in Investor:
332,324

See Note 3 for holding of employee stock options.



Ulla Litzén
born 1956
Director since 2003

Other board assignments:
Director of Atlas Copco AB, Karo Bio AB, AB SKF and Posten AB

Education: M.Sc. in Economics, Stockholm School of Economics and M.B.A., Massachusetts Institute of Technology

Committee assignments in Investor:
Finance and Risk Committee

Shares in Investor:
39,700

See Note 3 for holding of employee stock options.



Sune Carlsson
born 1941
Director since 2002

Other board assignments:
Chairman of Atlas Copco AB
Director of Autoliv Inc., Picanol NV and Scania AB

Education: M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

Committee assignments in Investor: Audit Committee

Shares in Investor: 0



Håkan Mogren
born 1944
Director since 1990

Other board assignments:
Chairman of Affibody AB
Non-Executive Deputy Chairman of AstraZeneca PLC and Vice Chairman of Gambro AB
Director of Groupe Danone, Norsk Hydro ASA, Rémy Cointreau SA, the Marianne and Marcus Wallenberg Foundation and the Swedish-American Foundation
Member of the Royal Swedish Academy of Engineering Sciences (IVA)

Education: Sc.D. in Applied Biochemistry, Royal Institute of Technology, Stockholm

Committee assignments in Investor:
Audit Committee

Shares in Investor:
4,258



Anders Scharp
born 1934
Director since 1988
Other board assignments:
Chairman of AB Ph. Nederman & Co, Saab AB and AB SKF
Education: M.Sc. in Engineering, Royal Institute of Technology, Stockholm
Committee assignments in Investor:
Compensation Committee
Shares in Investor:
72,584



O. Griffith Sexton
born 1944
Director since 2003
Other board assignments:
–
Education: M.B.A., Stanford University Graduate School of Business and B.S.E., Princeton University
Committee assignments in Investor:
Compensation Committee
Shares in Investor: 0



Peter D. Sutherland
born 1946
Director since 1995
Other board assignments:
Chairman of BP plc and Goldman Sachs International
Director of The Royal Bank of Scotland Group plc
Education: Bachelor of Civil Law, University College, Dublin
Committee assignments in Investor:
Compensation Committee
Shares in Investor:
4,374



Björn Svedberg
born 1937
Director since 1998
Other board assignments:
Chairman of Hi3G and Nefab AB
Director of Saab AB and the Knut and Alice Wallenberg Foundation
Member of the Royal Swedish Academy of Engineering Sciences (IVA) and The Morgan Stanley European Advisory Board
Education: M.Sc. in Engineering, Royal Institute of Technology, Stockholm and The Management Development Institute (IMEDE), Lausanne
Committee assignments in Investor:
Finance and Risk Committee
Shares in Investor:
38,382



Marcus Wallenberg
born 1956
President and Chief Executive Officer since 1999
Director since 1990
Other board assignments:
Vice Chairman of Telefonaktiebolaget LM Ericsson, Saab AB and SEB Skandinaviska Enskilda Banken AB
Director of AstraZeneca PLC, Hi3G, Scania AB, Stora Enso Oyj and the Knut and Alice Wallenberg Foundation
Education: B.Sc. Foreign Service, Georgetown University, Washington, D.C.
Committee assignments in Investor:
Finance and Risk Committee
Shares in Investor:
1,085,228
See Note 3 for holding of employee stock options.

Honorary Chairman



Peter Wallenberg
born 1926
Honorary Chairman since 1997. Chairman 1982–1997. Director 1969–1982.
Other board assignments:
Chairman of the Knut and Alice Wallenberg Foundation and Honorary Chairman of Atlas Copco AB
Education: Bachelor of Laws, University of Stockholm

Management Group



Marcus Wallenberg
President and Chief Executive Officer



Börje Ekholm, Executive Vice President and Head of New Investments



Lars Wedenborn, Executive Vice President and Chief Financial Officer



Henry E. Gooss
New Investments



Adine Grate Axén, Corporate Finance, Equity Capital Markets and Corporate Governance



Fredrik Hillelson
Human Resources

Marcus Wallenberg

born 1956
Chairman and Chief Executive Officer since 1999, employed since 1993

Investor-related assignments:
Vice Chairman of Telefonaktiebolaget LM Ericsson, Saab AB and SEB Skandinaviska Enskilda Banken AB
Director of AstraZeneca PLC, Hi3G, Scania AB, the Knut and Alice Wallenberg Foundation

Education: B.Sc. in Foreign Service, Georgetown University, Washington, D.C.

Shares in Investor: 1,085,228

Henry E. Gooss

born 1941
New Investments, New York
Managing Director and member of the Management Group since 1998, employed in 1998

Investor-related assignments:
Director of Mainstream Data, Inc. and White Rock Networks

Education: M.B.A. in Investments, New York University and B.A. in Economics, Rutgers University

Shares in Investor: 10,000

Börje Ekholm

born 1963
New Investments, New York
Executive Vice President and member of the Management Group since 1997, employed in 1992

Investor-related assignments:
Vice Chairman of WM-data AB
Director of Biotage AB, Greenway Medical Technologies, Inc., Paratek, Inc. and Tessera Technologies, Inc.

Education: M.B.A., INSEAD, Fontainebleau, M.Sc. in Engineering, Royal Institute of Technology, Stockholm

Shares in Investor: 20,296

Adine Grate Axén

born 1961
Corporate Finance, Equity Capital Markets and Corporate Governance
Managing Director and member of the Management Group since 1999, employed in 1994

Investor-related assignments: Director of Gambro AB, The Grand Group AB, Hi3G and OMX AB

Education: M.Sc. in Finance and International Business, Stockholm School of Economics

Shares in Investor: 20,456

Lars Wedenborn

born 1958
Chief Financial Officer
Executive Vice President and member of the Management Group since 2000, employed in 2000

Investor-related assignments:
Chairman of Novare Holding AB
Director of The Grand Group AB and WM-data AB

Education: M.Sc. in Economics, Uppsala University

Shares in Investor: 30,000

Fredrik Hillelson

born 1962
Human Resources
Managing Director and member of the Management Group since 2000, employed in 1997

Investor-related assignments:
Chairman of SamSari AB
Director of Karolinska University Hospital
Member of the Advisory Council, Johns Hopkins University SAIS, the Bologna Center
CEO of Novare Human Capital AB

Education: B.Sc. in Human Resources Management, University of Stockholm and Marine Officer, Royal Swedish Naval Academy

Shares in Investor: 3,200

See Note 3 for Management Group's holdings of employee stock options.

Administration Report

The Board of Directors and the President hereby present their report on the operations of Investor AB (publ), 556013-8298, for 2004, the company's eighty-eighth year of business. The following income statements, balance sheets, specifications of changes in equity, statements of cash flow, accounting principles and notes to the financial statements constitute an integral part of the annual report.

Fiscal Year 2004

OPERATIONS

Investor AB is an industrial holding company that is focused on committed ownership to create and maximize value for shareholders in the long term.

Investor's operations are conducted in the business areas Core Holdings, New Investments, Other Holdings and Other Operations.

Investor is listed on the Stockholm Stock Exchange, where the company's class A and class B shares are traded.

PARENT COMPANY

Operating income of the Parent Company amounted to SEK 6,812 m. (1,739). Net income for the year totaled SEK 5,854 m. (129). The increase was mainly due to higher capital gains on divestments, of which SEK 4,917 m. was from the sale of AstraZeneca shares.

During the year a total of SEK 1,736 m. (3,106) was invested in financial fixed assets. Sales of financial assets amounted to SEK 8,574 m. (2,653). Capital contributions to Group companies amounted to SEK 40 m. (814). A total of SEK 321 m. (471) in capital contributions to Group companies was redistributed to Investor.

On December 31, 2004, total assets of the Parent Company amounted to SEK 98,315 m. (102,831), of which SEK 56,222 m. (52,021) was shareholders' equity. Equity increased primarily because of capital gains of SEK 5,532 m. (359) on divestments, less the dividend payment of SEK 1,726 m. to shareholders (2,608).

GROUP

Investor's net asset value (market value of total assets less total liabilities) and its change best reflect the Group's performance. On December 31, 2004, Investor's net asset value amounted to SEK 89,966 m. (83,063). During 2004 the net asset value increased by SEK 6,903 m. (20,294).

Consolidated operating income amounted to SEK 9,061 m. (1,992). Income after financial items totaled SEK 8,332 m. (1,003). Net income for the year was SEK 7,375 m. (–169). The increase, compared with last year, was attributable mainly to higher capital gains on divestments, of which SEK 5,394 m. was from the sale of shares in AstraZeneca.

Investments in financial fixed assets amounted to SEK 5,776 m. (5,873). Sales of financial assets totaled SEK 12,960 m. (4,621).

On December 31, 2004, total assets of the Investor Group amounted to SEK 86,282 m. (83,368), of which SEK 54,213 m. (49,039) was shareholders' equity. The increase in shareholders' equity consisted primarily of capital gains on divestments totaling SEK 7,931 m. (617), less the dividend payment of SEK 1,726 m. to shareholders (2,608).

At the close of the fiscal year, the Group's cash and cash equivalents amounted to SEK 12,125 m. (9,803). Interest-bearing current and long-term liabilities totaled SEK 27,450 m. (30,110). The equity/assets ratio was 74 percent (71) and consolidated net debt amounted to SEK 15,551 m. (20,593), of which pension provisions accounted for SEK 226 m. (286). On December 31, 2004, net debt in relation to the market value of total assets was 15 percent (20).

INVESTMENT OPERATIONS

Core Holdings

Investor's core holdings include major listed companies. The core holdings include ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Gambro, OMX, Saab AB, Scania (and Ainax), SEB and WM-data.

On December 31, 2004, the market value of core holdings totaled SEK 87,643 m. (85,841). The change in value (capital gains plus the change in surplus value) was positive for most holdings during the year, with Ericsson and SEB showing the largest increases in value, SEK 6,726 m. and SEK 3,111 m., respectively, while the value of Investor's holding in AstraZeneca changed by SEK –6,977 m. The book value of core holdings was SEK 54,113 m. (54,697) on December 31, 2004.

In 2004, a total of SEK 1,509 m. was invested in shares (1,962) and shares were sold for SEK 7,733 m. (1,891). Investments during the year consisted of A-shares in Scania for SEK 487 m. and shares in Ainax for SEK 1,022 m. Sales during the year consisted of shares in AstraZeneca for SEK 7,320 m., B-shares in Scania for SEK 296 m., Electrolux B-share redemp-

tion rights for SEK 25 m. and the redemption of A-shares in Electrolux for SEK 92 m.

During the year Investor received dividends from core holdings amounting to SEK 1,574 m. (1,665). The decrease was related to a lower dividend from AstraZeneca because of Investor's reduced holding in the company.

New Investments

The New Investments business consists of venture capital and private equity investments within Investor Growth Capital, Investor Capital Partners – Asia Fund and EQT.

At year-end, the market value of Investor's New Investments portfolio totaled SEK 10,820 m. (12,745). The decline was attributable mainly to a larger number of divestments than investments in 2004.

A total of SEK 1,818 m. was invested in 2004 (1,914) and shares were sold for a total of SEK 4,448 m. (2,364). The book value of Investor's New Investments portfolio was SEK 9,690 m. (10,929).

Sales during the period generated capital gains totaling SEK 730 m. (311). Write-downs booked during the period were positive and totaled SEK 414 m. (–75). All listed and unlisted holdings with an estimated market value less than the acquisition value were written down to the estimated market value. Most of the SEK 414 m. in positive net write-downs was attributable to the sale of shares for which earlier write-downs were reversed and impacted capital gains/losses. The average annualized return on investments during the period 1998-2004 met the minimum return requirement of 20 percent.

Investor Growth Capital

Investor Growth Capital's activities are focused primarily on expansion stage investments in growth companies in the healthcare sector in Europe and North America and in the technology sector in Europe, North America and Asia.

Investor Capital Partners – Asia Fund

Investor Growth Capital – Asia Fund has committed capital totaling USD 322 m., corresponding to about SEK 2.0 bn. Investor's commitment to the fund amounts to USD 200 m., corresponding to approximately SEK 1.3 bn. on December 31, 2004.

EQT

EQT's investment activities are conducted in a number of funds with primarily outside capital. Advisory services are provided through EQT Partners, of which Investor is majority owner. Some of the EQT funds changed their name in 2004. The seven EQT funds are EQT I, EQT II, EQT Denmark, EQT Finland, EQT III, EQT Mezzanine, and EQT IV, a new fund started in 2004. Investor's stake in these funds varies between 16 and 32 percent. The funds invest in companies in different industries with considerable potential for profitability improvement, growth and value creation.

Investor's total capital commitments in the EQT funds amount to SEK 12 bn.

Other Holdings

Other Holdings include holdings that are not classified as core holdings or new investments. These holdings consist mainly of Hi3G Holdings AB and some investments in funds, such as RAM One.

On December 31, 2004, the book value of Other Holdings amounted to SEK 1,835 m. (2,380). The total market value of these holdings was SEK 2,406 m. (2,924) at year-end.

Hi3G

In September 2004, Hi3G started to market services to the small and medium-size business segment in Sweden and Denmark. On December 10, 2004, Hi3G announced that it had 350,000 subscribers in Scandinavia, an increase of approximately 330,000 during 2004. On December 31, 2004, the company's 3G network services coverage was 88 percent in Sweden, while voice services network coverage was 95 percent.

Investor made no shareholder's contributions to Hi3G in 2004 (SEK 200 m. was provided in 2003) and had contributed a total of SEK 1,648 m. (1,648) in capitalization to the company as of December 31, 2004. Investor has also granted loans to Hi3G totaling SEK 4,033 m. (1,800).

Investor has a 40-percent stake in Hi3G. As reported earlier, the intention is to finance Hi3G over time with shareholders' equity and external project financing on an approximately 50-50 basis. Investor currently estimates that its capital contribution to Hi3G, in the form of shareholder's contributions, will total between SEK 4 bn. and SEK 5 bn., including the SEK 1,648 m. that has been invested to date (see also "Note 21 Information about related parties").

Other Operations

The business area includes Investor's active portfolio management activities, The Grand Group, Novare Human Capital and a number of real estate holdings.

In 2004, The Grand Group purchased three buildings adjacent to the Grand Hôtel for SEK 400 m. After the close of the reporting period, it was announced that two of these buildings were sold, with the Burmanska Palatset being the only property that was retained. Berns was also sold.

On December 31, 2004, the book value of Other Operations amounted to SEK1,346 m. (1,041) and the total market value was SEK 1,868 m. (1,561). Other Operations affected the Group's income by SEK –21 m. (8).

MEASURES TO REALIGN THE ORGANIZATION

In the first quarter it was announced that parts of the organization would be realigned and that costs would be reduced within the New Investments business, but also within certain corporate functions. This adjustment process was expected to reduce annual costs by about SEK 75 m. These cost savings were estimated to be achieved in full within 12 to 18 months after implementation. The greater part of the savings was achieved already during 2004.

OPERATING COSTS

During the year, a provision was made for SEK 100 m. in costs for the above-mentioned organizational changes. Operating costs, excluding costs for restructuring operations, amounted to SEK 458 m. in 2004 (502), down 9 percent, compared with 2003.

PERSONNEL

As of December 31, 2004, all of the approximately 30 employees affected by organizational adjustments had left Investor. Investor's wholly owned investment organization had 143 employees at year-end (172).

WORK OF THE BOARD OF INVESTOR AB

The board had ten members up to the Annual General Meeting on March 23, 2004. At the meeting, 11 members were elected. The President is a member of the board. During 2004, the board had six regular meetings and two extraordinary meetings. Between meetings, the company, the chairman and other board members were in regular contact. Board members were also continuously provided with written information regarding the company's operations and other information of significance for the company. During the year, the board discussed the company's economic and financial position, among other business.

See page 42 for a more detailed description of the board's work.

RISKS AND RISK MANAGEMENT

Activities to manage and control risks in the business are carried out through a Finance and Risk Committee, which constitutes an adjunct committee to the board of directors and consists of representatives from the board and management. The task of the Finance and Risk Committee is to recommend guidelines and limits to the board, ensure that established policies are updated and followed, and that substantial risks are reported to the board and management in an expedient manner.

See Note 32 for a more detailed description of Investor's risk exposure and risk management.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS[1])

In accordance with the IAS regulation adopted by the EU in 2002, listed companies throughout the EU shall apply International Financial Reporting Standards – IFRS (previously International Accounting Standards – IAS) – when preparing their consolidated financial statements as of 2005. The standards, issued by the International Accounting Standards Board (IASB), become mandatory for European companies as they are endorsed by the EU Commission.

IFRS 1 sets out the procedures that companies must follow when they adopt IFRS for the first time. The standard stipulates that a company, when transferring from national Generally Accepted Accounting Principles (GAAP) to IFRS, shall present at least one year of comparative figures in accordance with IFRS (voluntary for financial instruments). Furthermore, the company shall explain how the transition from previous GAAP to IFRS has affected its financial position, earnings and cash flow. The information shall be published, in accordance with IFRS 1, in connection with the first interim report for fiscal year 2005 at the latest.

In November 2004, the Stockholm Stock Exchange issued a recommendation to listed companies to publish information about the most important effects of transferring to IFRS already in their year-end reports for 2004. This information is presented on the following pages.

1) The figures and valuation information in this section – especially for unlisted holdings of securities – have been produced according to Investor's best analytical judgment and are based on generally accepted valuation models (as described above) that have not been used previously by Investor in external reporting. The information in question cannot be considered as a guarantee or indication that the corresponding values may be realized today or in the future, or benefit Investor.

Accounting principles – significant differences

Investor AB will only apply IFRS in the preparation of the consolidated financial statements. The intention is to adapt the accounting of legal entities (the Parent Company and subsidiaries), in accordance with IFRS, as soon as Swedish legislation enables the adoption of the full set of rules and regulations.

Comparative figures, restated to IFRS, will be published for all entries, including financial instruments.

In Investor AB's case, it is mainly the rules in IAS 39, concerning the accounting of financial instruments, which will affect reported values, compared with accounting in accordance with previous principles. The standard stipulates that financial instruments, which for Investor AB comprise mainly equity-related investments and the debt portfolio, shall be valued for the most part at fair value in the year-end accounts, instead of at the lower of acquisition cost and fair value, the previous practice.

After the adoption of IFRS, Investor AB will report equity-related investments at fair value through profit and loss. Shares and participations in associated companies will also be accounted for this way in accordance with IAS 28 p.1. As a consequence, there will no longer be any consolidation in accordance with the equity method and associated companies will be reported at values that are more true and fair for an investment company. As previously, subsidiaries will be consolidated. Listed shares will be valued on the basis of their listed market values and unlisted holdings will be valued on the basis of a valuation model suitable for each investment.

Since changes in the fair values of holdings will be recognized in the formal income statement and balance sheet in accordance with IFRS, the volatility in earnings will increase, compared to before. Therefore, earnings in accordance with IFRS will essentially agree with the change in net asset value. The main difference will be dividends paid, which will not be included in earnings.

In accordance with IAS 16, Investor AB's real estate properties will be reported at fair value after IFRS is adopted. In accordance with previous principles, real estate properties were reported at the lower of acquisition cost (with deduction for depreciation) and the recoverable amount.

For the debt portfolio Investor AB will apply, whenever possible, so-called hedge accounting, in which changes in the value of loans will be matched with changes in the value of derivatives acquired for the purpose of eliminating currency risks and changing the fixed interest rate in the debt portfolio. In accordance with the form of IAS 39 adopted by the EU Commission, the basic rule is that loans are valued at amortized cost and derivatives are valued at fair value with changes in value recognized through profit and loss. Since Investor AB will apply hedge accounting to most of its liabilities, the volatility that would appear in the income statement will be lower than if the basic rule was applied.

The accounting of share-based payments (regulated by IFRS 2) and deferred tax on unrealized value changes (IAS 12) will also be affected by the adoption of IFRS. The effects of these standards are judged to be of less importance and are therefore not specified in this report.

Significant financial effects

The new valuation principles will affect both the consolidated accounts and the net asset value. The significant effects of applying the new principles are shown in the tables below and are followed by comments.

The figures below, which are focused on an assessment of the most significant entries, will be further reviewed during 2005 and updated.

Income statement and balance sheet

Financial instruments – equity holdings

Effect on equity holdings

SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Core Holdings	54,113	33,428	87,541
New Investments	9,690	4,206	13,896
Other Holdings	1,835	571	2,406
Other Operations	887	15	902
Total, equity holdings	**66,525**	**38,220**	**104,745**

The increase in value, SEK 38,220 m., is an effect of accounting in accordance with IFRS and is due to the valuation of equity-related instruments, which will be valued at fair value in accordance with the principles of IAS 39, in contrast to the principles that have been applied to date, in which holdings were reported at the lower of acquisition cost and fair value.

Listed holdings

Listed holdings will be valued on the basis of their share price on the closing date. In accordance with IFRS, listed holdings are valued at bid price, when such is quoted, as opposed to previous principles, in which the price of the most recent transaction was used for the valuation. Going forward, listed holdings in the New Investments business will no longer be charged automatically with a liquidity discount.

Unlisted holdings and fund holdings

Unlisted holdings will be valued on the basis of the "Consultation Document – Valuation Guidelines for Private Equity and Venture Capital", created and published jointly by the venture capital organizations EVCA, BVCA and AFIC.

For directly owned holdings (i.e. those owned directly by a company within the Investor Group), an overall evaluation will be made to determine the valuation method that is appropriate for each specific holding. It will first be taken into account whether a recent financing round or "arms length" transaction has been made, after which a valuation will be made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. An assessment will then be made of the above-mentioned methods to determine the one that best reflects the fair value of the holding, and the holding will then be valued according to that method. In those cases when other valuation methods better reflect the market value of a holding, these will be used, which means that certain holdings will be valued with methods other than the ones described above. As before, when a holding has such a negative development that its value is determined to be 0, it will be valued at 0.

Unlisted holdings in funds are valued at Investor AB's share of the value that the fund manager reports for all unlisted holdings in the fund. If Investor AB's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value will be adjusted. Listed holdings in funds will be valued in the same way as listed holdings, as described above.

Tangible fixed assets

Effect on tangible fixed assets

SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Tangible fixed assets	1,789	506	2,295
Total, tangible fixed assets	**1,789**	**506**	**2,295**

Investor AB will revalue its real estate properties, which are part of tangible fixed assets, at fair value in accordance with IAS 16. The value in the balance sheet, in accordance with IFRS, will therefore increase by SEK 506 m., compared with previous principles.

Financial instruments – liabilities

Effect on liabilities

SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Loans	27,450	500	27,950
Total, liabilities	**27,450**	**500**	**27,950**

As an effect of valuation in accordance with IFRS, the reported value of liabilities is estimated to have increased by SEK 500 m. Investor AB uses derivatives to control the exposure of the debt portfolio against fluctuations in exchange rates and interest rates. Hedge accounting will be applied to reflect this in the consolidated accounts in cases when a derivative and the underlying loan qualify for this in accordance with IAS 39. When loans and derivatives do not qualify for hedge accounting, the basic rules of IFRS will be applied, in which case loans will be valued at amortized cost and derivatives are valued at fair value with changes in value recognized through profit and loss. In accordance with previous valuation principles, hedged loans were accounted for on the basis of the exchange rate and interest rate derived from the derivative used for the hedging. When a loan was not hedged, it was reported at amortized cost.

The differences between IFRS and previous reporting principles arise mainly in the valuation of derivatives used to achieve fixed interest rates. The value of these derivatives will vary with changes in interest rates.

Effects on earnings

The effect in the income statement, as a consequence of the significant financial effects of applying IFRS, is estimated to be SEK 1 bn. in 2004, which means that earnings would increase from SEK 7 bn. to SEK 8 bn.

Effects on shareholders' equity

As a consequence of the above significant financial effects of applying IFRS in 2004, it is estimated that shareholders' equity would increase from SEK 54 bn. to approximately SEK 92 bn., or by SEK 38 bn.

Net asset value

In connection with the application of IFRS, Investor AB will adapt the valuation principles for the net asset value so they are in agreement with the valuation principles used for the company's accounting.

The table below only shows changes for the most significant entries. Values will be further reviewed during 2005 and updated.

Effect of significant entries on net asset value

SEK m.	12/31 2004	Adjustment IFRS	IFRS 12/31 2004
Core Holdings	87,643	–102	87,541
New Investments			
Investor Growth Capital	6,514	1,098	7,612
EQT	3,896	1,596	5,492
Investor Capital Partners – Asia Fund	410	382	792
New Investments, total	10,820	3,076	13,896
Other Holdings (incl. Hi3G)	2,406	–	2,406
Other Operations	1,868	–	1,868
Other assets and liabilities	2,780	–	2,780
Total assets	105,517	2,974	108,491
Net debt	–15,551	–500	–16,051
Total, net asset value	**89,966**	**2,474**	**92,440**

The differences for equity holdings will mainly be as follows: listed holdings will be valued at the bid price instead of at the price of the most recent transaction. Listed holdings in the New Investments business will no longer be charged with a liquidity discount (only in exceptional cases). The previously used cap on the value of unlisted holdings at acquisition cost will be eliminated in IFRS, which means that unlisted holdings will be stated at a higher value, if a higher value is estimated to exist.

The debt portfolio will affect the net asset value in the same way as described above for the income statement and balance sheet.

FUTURE DEVELOPMENT

There are a number of factors in the business environment that are difficult to forecast and which affect the development of Investor and its holdings. The economic climate in the world, the performance of stock exchanges and exchange rate changes are examples of such factors. Investor's organization continuously monitors and analyzes these factors and other parameters so the company can act in a suitable manner. The judgment is that current developments in the business environment have affected matters such as investment decisions and the scope of the organization's activities. Investor's business concept and strategy remain firm and will also provide the platform for operations going forward.

SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

In the beginning of 2005, The Grand Group, a wholly owned Investor subsidiary, sold two buildings next to the Grand Hôtel in Stockholm, as well as Berns. The Grand Group sold the properties to focus more on its core business in the hotel industry. In February 2005, Moody's upgraded Investor's credit rating from A3 to A2.

PROPOSAL FOR LONG-TERM INCENTIVE PROGRAM

As in the previous year, the Board of Directors will propose a long-term incentive program for Investor's employees at the 2005 Annual General Meeting. The board's final proposal will be announced in the Notice of the Annual General Meeting.

PROPOSED DISPOSITION OF EARNINGS

The proposed disposition of earnings is on page 88.

Parent Company Income Statement

SEK m.	Note	2004	2003
Holdings			
Dividends		1,591	1,734
Capital gains/losses and write-downs	2	5,532	359
Net income – Holdings		**7,123**	**2,093**
Other Operations			
Net sales		3	3
Net income – Other Operations		**3**	**3**
Operating costs		–314	–357
Operating income	3, 4, 5, 6	**6,812**	**1,739**
Results from financial items			
Result from participations in Group companies	7	–364	–620
Income from other receivables that are fixed assets	8	1,033	977
Interest income and similar income items	9	202	76
Interest expenses and similar expense items	10	–1,829	–2,043
		–958	–1,610
Income after financial items		**5,854**	**129**
Tax on net income for the year	11	–	–
Net income for the year		**5,854**	**129**

Parent Company Balance Sheet

SEK m.	Note	**12/31 2004**	12/31 2003
ASSETS			
Fixed assets			
Tangible fixed assets			
Equipment	5	18	20
Financial fixed assets			
Shares and participations in Group companies	12	14,739	15,384
Participations in associated companies	13	35,968	36,017
Other shares and participations	13	24,264	25,265
Receivables from Group companies		20,172	24,569
		95,143	101,235
Total fixed assets		**95,161**	**101,255**
Current assets			
Current receivables			
Accounts receivable – trade		1	2
Receivables from Group companies		2,938	1,352
Receivables from associated companies		0	1
Tax receivables		14	14
Other receivables		68	25
Prepaid expenses and accrued income	14	133	182
		3,154	1,576
Cash and bank balances		0	0
Total current assets		**3,154**	**1,576**
TOTAL ASSETS		**98,315**	**102,831**

Parent Company Balance Sheet

SEK m.	Note	12/31 2004	12/31 2003
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
		18,730	18,730
Unrestricted equity			
Earnings brought forward	25	31,638	33,162
Net income for the year		5 854	129
		37,492	33,291
Total shareholders' equity		**56,222**	**52,021**
Provisions			
Provisions for pensions and similar commitments	16	196	218
Other provisions	17	422	514
Total provisions		**618**	**732**
Long-term liabilities			
Loans		23,857	29,432
Liabilities to Group companies		501	0
Total long-term liabilities	18	**24,358**	**29,432**
Current liabilities			
Loans	18	3,307	692
Accounts payable – trade		14	23
Liabilities to Group companies		12,849	18,931
Liabilities to associated companies		0	1
Other liabilities	19	37	43
Accrued expenses and prepaid income	20	910	956
Total current liabilities		**17,117**	**20,646**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**98,315**	**102,831**
Pledged assets			
For own liabilities and provisions:			
Bank deposits, bonds and other securities		379	331
Total pledged assets		**379**	**331**
Contingent liabilities			
Guarantees on behalf of associated companies	21	127	122
Other contingent liabilities		40	38
Total contingent liabilities		**167**	**160**

Parent Company Statement of Changes in Shareholders' Equity

SEK m.	Note 15	Share capital	Statutory reserve	Unrestricted equity	Total shareholders' equity
				2004	
Balance at December 31, 2003		**4,795**	**13,935**	**33,291**	**52,021**
Effect of employee stock option programs (hedging, etc.)				73	73
Total changes in shareholders' equity that are not reported in the income statement				**73**	**73**
Net income for the year				5,854	5,854
Dividend to shareholders				–1,726	–1,726
Balance at December 31, 2004		**4,795**	**13,935**	**37,492**	**56,222**

SEK m.	Note 15	Share capital	Statutory reserve	Unrestricted equity	Total shareholders' equity
				2003	
Balance at December 31, 2002		**4,795**	**13,935**	**35,796**	**54,526**
Effect of changes in accounting policy				–100	–100
Adjusted opening balance in 2002		**4,795**	**13,935**	**35,696**	**54,426**
Effect of employee stock option programs (hedging, etc.)				74	74
Total changes in shareholders' equity that are not reported in the income statement				**74**	**74**
Net income for the year				129	129
Dividend to shareholders				–2,608	–2,608
Balance at December 31, 2003		**4,795**	**13,935**	**33,291**	**52,021**

Parent Company Statement of Cash Flows

SEK m.	Note 22	**2004**	2003
Cash flows from operating activities			
Dividends received		1,591	1,736
Administrative costs		–308	–344
Cash flows from operating activities before net interest income/expense and income taxes		**1,283**	**1,392**
Interest received/paid		–680	–1,064
Income tax paid		–	–11
Cash flows from operating activities		**603**	**317**
Investing activities			
Stock portfolio			
Acquisitions, etc.		–1,697	–2,295
Sales		8,211	2,156
Other items			
Dividends from subsidiaries		–	1
Capital contribution paid to subsidiaries		–40	–814
Repayment of capital contribution from subsidiaries		321	471
Acquisition of tangible fixed assets		–5	–5
Cash flows from investing activities		**6,790**	**–486**
Financing activities			
Loans raised		900	12,661
Loans amortized		–3,811	–2,928
Change in short-term borrowings, net		–50	–1,134
Change in intra-Group transactions		–2,706	–5,822
Dividends paid		–1,726	–2,608
Cash flows from financing activities		**–7,393**	**169**
Cash flows for the year		**0**	**0**
Cash and cash equivalents, opening balance		**0**	**0**
Cash and cash equivalents, closing balance		**0**	**0**

Consolidated Income Statement

SEK m.	Note	**2004**	2003
Core Holdings			
Dividends		1,574	1,665
Capital gains/losses	2	6,432	468
Operating costs		–165	–147
Net income – Core Holdings		**7,841**	**1,986**
New Investments			
Dividends		61	108
Capital gains/losses and write-downs	2	1,144	236
Operating costs		–220	–265
Restructuring cost		–75	–
Net income – New Investments		**910**	**79**
Other Holdings			
Dividends		45	60
Capital gains/losses and write-downs	2	355	–87
Operating costs		–8	–8
Net income – Other Holdings		**392**	**–35**
Other operations			
Net sales		707	774
Cost of goods and services sold		–714	–770
Net income, active portfolio management		15	40
Operating costs		–29	–36
Net income – Other Operations		**–21**	**8**
Groupwide operating costs		–36	–46
Restructuring cost		–25	–
Operating income	3, 4, 5, 6, 26	**9,061**	**1,992**
Results from financial items			
Income from other receivables that are fixed assets	8	143	46
Interest income and similar income items	9	555	297
Interest expenses and similar expense items	10	–1,427	–1,332
		–729	–989
Income after financial items		**8,332**	**1,003**
Adjustment due to equity method	23	–1,801	–941
Shares of income of associated companies	23	2,435	577
Income before tax		**8,966**	**639**
Tax on net income for the year	11	–1,582	–798
Minority interest in net income for the year		–9	–10
Net income for the year	**24**	**7,375**	**–169**
Earnings per share, basic and diluted, SEK	25	9.61	–0.22

Consolidated Balance Sheet

SEK m.	Note	**12/31 2004**	12/31 2003
ASSETS			
Fixed assets			
Tangible fixed assets			
Buildings and land	26	1,470	1,074
Equipment	5	319	256
		1,789	1,330
Financial fixed assets			
Participations in associated companies	13	33,542	35,049
Other shares and participations	13	32,114	32,975
Receivables from associated companies	27	4,033	1,800
Deferred tax receivables	28	31	96
Other long-term receivables	29	1	0
		69,721	69,920
Total fixed assets		**71,510**	**71,250**
Current assets			
Inventories of shares and participations	30	869	933
Current receivables			
Receivables in associated companies		0	1
Tax receivables		149	33
Other receivables		571	268
Prepaid expenses and accrued income	14	1,058	1,080
		1,778	**1,382**
Short-term investments	31	11,527	9,460
Cash and bank balances		598	343
Total current assets		**14,772**	**12,118**
TOTAL ASSETS		**86,282**	**83,368**

Consolidated Balance Sheet

SEK m.	Note	12/31 2004	12/31 2003
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**15**		
Restricted equity			
Share capital		4,795	4,795
Restricted reserves		21,765	22,200
		26,560	26,995
Unrestricted equity	25		
Unrestricted reserves		20,278	22,213
Net income for the year		7,375	–169
		27,653	22,044
Total shareholders' equity		**54,213**	**49,039**
Minority interest		**110**	**19**
Provisions			
Provisions for pensions and similar commitments	16	226	286
Provisions for deferred tax	28	283	239
Other provisions	17	474	517
Total provisions		**983**	**1,042**
Long-term liabilities			
Loans	18	24,144	29,418
Total long-term liabilities		**24,144**	**29,418**
Current liabilities			
Loans	18	3,306	692
Liabilities to associated companies		0	1
Accounts payable, trade		52	54
Tax liabilities		69	53
Other liabilities	19	1,434	1,043
Accrued expenses and prepaid income	20	1,971	2,007
Total current liabilities		**6,832**	**3,850**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**86,282**	**83,368**
Pledged assets			
For own liabilities and provisions:			
Bank deposits, bonds and other securities		336	302
Total pledged assets		**336**	**302**
Contingent liabilities			
Guarantees on behalf of associated companies	21	121	121
Other contingent liabilities		1	1
Total contingent liabilities		**122**	**122**

Consolidated Statement of Changes in Shareholders' Equity

		2004			
SEK m.	Note 15	Share capital	Restricted reserves	Unrestricted reserves	Total shareholders' equity
Balance at December 31, 2003		**4,795**	**22,200**	**22,044**	**49,039**
Exchange rate differences, etc., subsidiaries				–337	–337
Exchange rate differences, associated companies				–275	–275
Effect of change in accounting principle, associated companies				77	77
Other changes in the equity of associated companies				–13	–13
Effect of employee stock option programs (hedging, etc.)				73	73
Total changes in shareholders' equity that are not reported in the income statement				**–475**	**–475**
Transfers between restricted and unrestricted equity			–435	435	
Net income for the year				7,375	7,375
Dividend to shareholders				–1,726	–1,726
Balance at December 31, 2004		**4,795**	**21,765**	**27,653**	**54,213**

		2003			
SEK m.	Note 15	Share capital	Restricted reserves	Unrestricted reserves	Total shareholders' equity
Balance at December 31, 2002		**4,795**	**22,100**	**26,045**	**52,940**
Effect of change in accounting principle				–100	–100
Adjusted opening balance in 2002		**4,795**	**22,100**	**25,945**	**52,840**
Exchange rate differences, etc., subsidiaries				–538	–538
Exchange rate differences, associated companies				–644	–644
Other changes in the equity of associated companies				83	83
Effect of employee stock option programs (hedging, etc.)				75	75
Total changes in shareholders' equity that are not reported in the income statement				**–1,024**	**–1,024**
Transfers between restricted and unrestricted equity			100	–100	
Net income for the year				–169	–169
Dividend to shareholders				–2,608	–2,608
Balance at December 31, 2003		**4,795**	**22,200**	**22,044**	**49,039**

Consolidated Statement of Cash Flows

SEK m.	Note 22	**2004**	2003
Cash flows from operating activities			
Core Holdings			
Dividends received		1,574	1,667
New Investments			
Dividends received		40	93
Other Holdings			
Dividends received		45	60
Active portfolio management, Other Operations and operating costs			
Payments received		24,665	20,642
Payments made		–25,302	–21,345
Cash flows from operating activities before net interest income/expense and income taxes		**1,022**	**1,117**
Interest received/paid		–864	–930
Income taxes paid		–183	–304
Cash flows from operating activities		**–25**	**–117**
Cash flows from investing activities			
Core Holdings			
Acquisitions		–1,509	–1,962
Sales		7,733	1,866
New Investments			
Acquisitions, etc.		–1,966	–2,108
Sales		4,315	2,402
Other Holdings			
Acquisitions, etc.		–216	–355
Increase in long-term receivables		–1,770	–1,630
Sales		696	316
Acquisitions of tangible fixed assets		–505	–42
Sales of tangible fixed assets		1	133
Cash flows from investing activities		**6,779**	**–1,380**
Cash flows from financing activities			
Loans raised		1,199	12,648
Loans amortized		–3,810	–2,929
Change in short-term borrowing, net		–50	–1,134
Dividends paid		–1,726	–2,608
Cash flows from financing activities		**–4,387**	**5,977**
Cash flows for the year		**2,367**	**4,480**
Cash and cash equivalents, opening balance		**9,803**	**5,361**
Exchange difference in cash and cash equivalents		–45	–38
Cash and cash equivalents, closing balance		**12,125**	**9,803**

Notes to the Financial Statements SEK m. unless specified otherwise

NOTE 1 Accounting principles

ACCOUNTING AND VALUATION PRINCIPLES

The Annual Report is prepared in accordance with the Swedish Annual Accounts Act. The company follows the recommendations and statements of the Swedish Financial Accounting Standards Council.

Changed accounting principles

As of January 1, 2004, RR 29 Employee benefits, is being applied. The effect of applying this accounting principle, which is reported as a change in shareholders' equity, concerns the recalculation of pension commitments and totals SEK –100 m.

CLASSIFICATION AND PRESENTATION

Balance sheet

Fixed assets, long-term liabilities and provisions consist basically of amounts that are expected to be recovered or settled after 12 months from the balance sheet date. Current assets and current liabilities consist mainly of amounts that are expected to be recovered or settled within 12 months from the balance sheet date.

SEGMENT REPORTING

The business areas Core Holdings, New Investments, Other Holdings and Other Operations constitute the primary format for reporting the Group's operations by segment. The internal reporting structure is based on a corresponding format, which is why the business areas are the most appropriate primary reporting format to use.

No segment reporting based on geographic areas is presented because no geographic areas could be identified that fall under the definition "a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments." Since the geographic risks for holdings depend on the markets in which they operate, the geographic operating areas of each holding could constitute a meaningful format for segment reporting based on geographic areas if it had been possible to obtain this information. The information is difficult to obtain because Investor has a large number of holdings and is normally a minority owner. Other possible formats for segment reporting based on geographic areas, such as the registered headquarters of the holdings, or alternatively, the Investor office from which the holdings are administered, are judged to be of very limited value, however, since the operations of these units would be dependent on developments in other geographic areas. Geographic areas are not used for internal reporting purposes either.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

The consolidated financial statements include the Parent Company and all subsidiaries in and outside Sweden. Subsidiaries are companies in which the Parent Company directly or indirectly owns more than 50 percent of the voting rights for the shares, companies in which the Parent Company owns participations and has the power to appoint or remove the majority of the members of the board, or in which the Parent Company otherwise exercises control. The consolidated financial statements are prepared in accordance with the purchase method, in which assets and liabilities in acquired subsidiaries are booked at fair value, based on an analysis conducted at the time of acquisition. If the acquisition value of shares in a subsidiary exceeds the fair value of the company's net assets, according to the acquisition analysis, the difference is regarded as goodwill arising from an acquisition and is systematically amortized over the useful life. Accordingly, only income arising after the acquisition date is included in consolidated shareholders' equity. Companies acquired during the year are included in consolidated income with values relating to the period after their acquisition. Income of subsidiaries sold during the year is included in consolidated income for the period the companies are members of the Group. Minority interest is reported as minority share in net income and shareholders' equity. Intra-Group profits and transactions are eliminated.

In the New Investments business, there are holdings in which Investor owns more than 50 percent of the voting rights carried by the shares, which have not been consolidated. This is because the holdings are only owned for the purpose of selling them, either partly or in their entirety, within the near future and Investor's control over these companies is therefore only temporary. These holdings are reported in accordance with the acquisition value method.

Associated companies

Holdings in associated companies – which are companies in which the owning company exercises significant influence over the associated company's operational and financial control, and in which the ownership represents part of a permanent obligation – are reported in the consolidated income statement and balance sheet in accordance with the equity method. When accounting in accordance with the equity method, the book value of shares in associated companies in the consolidated financial statements corresponds to the Group's share of shareholders' equity in the associated companies and any residual value of consolidated surplus values and values less than book value. In the consolidated income statement, the Group's share of the income after financial

income and expenses of associated companies, adjusted for any impairment or liquidations of acquired surplus values or values less than book value, is reported as "Share in results of associated companies". Shares in earnings after the acquisition of associated companies, which have not yet been realized through dividends, are allocated to the equity method reserve, which comprises part of the Group's restricted equity.

The performance of an industrial holding company is best measured by the return on its investments in the form of dividends and value creation since the acquisition date – the acquisition value method. Investor has therefore chosen to present the operating income of each business area in accordance with the acquisition value method and to report all adjustments for dividends, realized results and write-down attributable to equity method accounting in a single line in the income statement, with a specification of the items it includes in a note. The Group's share of the reported taxes of associated companies is included in the Group's tax expenses.

In the New Investments business, there are holdings in which Investor owns more than 20 percent of the voting rights carried by the shares, but which are not reported as associated companies in accordance with the equity method since the holdings have been acquired only for the purpose of divesting them within the near future, or because information needed to prepare the reporting in accordance with the equity method cannot be obtained without undue expense or within a reasonable amount of time. These holdings are reported in accordance with the acquisition value method.

Foreign subsidiaries

All foreign subsidiaries have been classified as independent units whereby the income statements and balance sheets of these companies are translated into Swedish kronor in accordance with the current rate method. In the current rate method, assets and liabilities are translated at exchange rates on the balance sheet date, while income and expenses are translated at average exchange rates for the year. Arising translation differences are reported directly in shareholders' equity. When a foreign subsidiary is divested, accumulated exchange rate differences attributable to the company are realized in the consolidated income statement after deduction for any currency hedging.

Group contributions and shareholders' contributions

In accordance with a statement from the Swedish Financial Accounting Standards Council, shareholders' contributions are charged directly against shareholders' equity by the receiver and are capitalized in shares and participations by the giver, to the extent that no impairment is required.

Group contributions to minimize the Group's total tax are charged directly against earnings brought forward after deduction for their current tax effect.

VALUATION PRINCIPLES

Assets, provisions and liabilities are valued at the acquisition value, unless stated otherwise below.

Intangible and tangible fixed assets

Goodwill

Goodwill has arisen in connection with the acquisition of associated companies that is reported in accordance with the equity method and is thus included in the balance sheet item "Shares and participations in associated companies".

Buildings and equipment

Buildings and equipment are reported at acquisition values with deduction for depreciation plus any revaluations that are permitted under special circumstances in accordance with Swedish accounting principles.

Recognition and derecognition in the balance sheet are based on the transfer of economic risks and benefits associated with the asset in question. Regarding buildings and land, the contract dates normally comprise the basis for recognition or derecognition of assets in the balance sheet.

Expenses for value-enhancing improvements are added to the acquisition value of the asset in question. Other additional expenses, such as repairs and maintenance, are reported as costs for the period they arise in.

Depreciation principles for fixed assets

Depreciation according to plan is based on the acquisition value of the assets with deduction for the estimated residual value. Depreciation is calculated with the straight-line method over the estimated useful life of the assets. The following periods are used:

Buildings	50-100 years
Equipment and computers	3–10 years
Goodwill	10 years

The amortization period for goodwill is ten years since it is attributable to holdings that are judged to be of long-term strategic value. Amortization of goodwill is included in "Results from shares in associated companies" (see "Note 23 Effects of the equity method").

Impairment of assets

Carrying amounts for the Group's fixed assets are reviewed on each balance sheet date to determine if there is any indication that the assets may be impaired (regarding financial fixed assets, with the exception of shares and participations in associated companies and subsidiaries, see "Financial instruments" below). If any such indication exists, the recoverable amount of the asset is estimated at the higher of its value in use and net selling price. Any impairment loss is recognized if the recoverable amount is less

than the carrying amount. The impairment loss is charged against income for the period.

The value in use is calculated by discounting future cash flows at an interest rate before tax that corresponds to the market's evaluation of the risk-free interest rate and risk associated with the specific asset.

An impairment loss is reversed if the conditions that were used as a basis for the impairment loss have changed. An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that should have been reported, net of depreciation, if no impairment loss should have been recognized for the asset in prior years.

An impairment loss for goodwill is usually not reversed.

Receivables

Based on individual valuations, receivables are booked at anticipated payment amounts.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are translated at exchange rates on the balance sheet date. Exchange rate differences in current receivables and liabilities are included in operating income, while differences in financial receivables and liabilities are booked among financial items. Receivables and liabilities hedged by forward contracts are valued at the agreed forward rates.

Financial instruments

Financial instruments reported on the assets side of the balance sheet include shares and participations, loan receivables, short-term securities, trade account receivables and cash and cash equivalents. The liability side of the balance sheet contains short-term and long-term loans, trade account payables and derivatives.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Trade account receivables are recognized in the balance sheet when an invoice is sent. Trade account payables are recognized when an invoice is received.

A financial asset, or part of a financial asset, is derecognized in the balance sheet when the rights in the agreement have been realized, become due or when the company loses control over them. A financial liability, or part of a financial liability, is derecognized in the balance sheet when the obligations in the contract are fulfilled or discharged in some other way.

Shares and participations, fixed assets

For the valuation principles for participations in associated companies and subsidiaries, see "Impairment of assets" above.

Core Holdings

Core holdings that are not associated companies are valued in accordance with "Recommendation No. 12, Shares and Participations", of the Swedish Institute of Authorized Public Accountants (FAR), in which holdings are valued collectively, when they are considered as a portfolio, at the lower of acquisition value and fair value. Fair value is determined on the basis of each holding's share price on the last business day of the reporting period.

New Investments

New investments are reported item by item at the lower of acquisition value and fair value.

The valuation of the fair value of listed holdings is based on the share price of each company on the last business day of the reporting period. Since the liquidity of these shares might be low, and there might be limitations to the disposal rights to the shares, generally called lockup periods, when the owning company has a commitment towards a third party not to divest the holding during a limited period of time, the share price is valued less 10 or 20 percent in the valuation.

For unlisted holdings, Investor uses a valuation method in which the holdings are valued at acquisition cost, less any impairment loss. The valuation, and any need for impairment, is determined each quarter on the basis of the market's development and the performance of each company in relation to its plan and budget.

Unlisted holdings in funds are valued on the basis of the underlying value of the holdings at the lower of acquisition cost and fund manager's valuation. Listed holdings are valued as described above. For funds in which Investor has a holding of less than 10 percent, or is inactive in the fund's activities, the main rule is that Investor uses the valuation that the fund manager makes of all holdings in the fund. However, the fund is never valued higher than Investor's acquisition cost. If Investor's evaluation is that the fund manager's valuation has not given sufficient consideration to factors that can negatively affect the holdings, the value may be written down.

Other holdings of shares and participations

Other holdings of shares and participations classified as fixed assets are reported at the lower of acquisition value and fair value. Impairment is calculated item by item to the extent permanent declines in value are estimated to have occurred.

Fair value is determined on the basis of each holding's share price on the last business day of the reporting period. For unlisted holdings, fair value is determined on the basis of the market's development and the performance of each company in relation to its plan and budget. Unlisted holdings in funds are valued at the lower of acquisition cost and the fund manager's valuation.

Shares held as current assets

Holdings of shares, participations and other securities (forward contracts, options, etc.) classified as current assets are reported as inventories. Shares on loan are reported as other current liabilities up to the repurchase date, when they are recognized as income. Valuation is made in accordance with the portfolio method at the lower of acquisition value and fair value.

The fair value is determined on the basis of each holding's listed value on the last business day of the reporting period.

NOTE 1 cont'd Accounting principles

Financial investments

Financial fixed assets consisting of interest-bearing securities are reported at the accrued acquisition value or, after any write-downs, at the estimated recoverable value.

Short-term investments are valued at the lower of the accrued acquisition value and fair value.

The fair value is based on official market prices on the balance sheet date, or generally accepted methods, in which future cash flows are discounted with market interest rates corresponding to the remaining term.

Financial liabilities

Accounts payable

Accounts payable have a short expected term and are valued at the nominal amount without a discount.

Loans

Loans are initially reported at the received amount. After the acquisition date, loans are valued at the accrued acquisition value. In cases when derivative instruments have been used to control exposure against fluctuations in exchange rates, the underlying liability is valued at the exchange rate according to the derivative.

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted with the market interest rates corresponding to the remaining term. Loans in foreign currency are translated at the rate on the balance sheet date.

Derivative instruments

Derivative instruments consist of interest rate swaps, cross-currency interest rate swaps, forward contracts and options. The method for reporting these derivative instruments varies, depending on their purpose (see "Note 32, Risk exposure and risk management"). Derivatives are classified and reported as follows:

On the acquisition date, the derivative instrument is classified either as a hedge of an asset or liability, a hedge of a net investment, a hedge of a future transaction, or as a derivative instrument that is not used for the purpose of hedging a risk.

Hedge accounting is applied for items in which the derivative has a clear correlation to the hedged item and has financial effects that counter-act those that arise through the position that is hedged. Hedging results are reported on the same date as the hedged items. Derivative instruments not used for hedging risks are valued at the lower of acquisition value and fair value. Positive changes in value are therefore reported when the instrument is realized and negative changes in value are reported as they arise. Valuation is made on portfolio level for similar instruments.

Interest rate swaps and cross-currency interest rate swaps

Amounts that are to be paid or retained as a result of interest rate swaps and cross-currency interest rate swaps are reported on an ongoing basis as interest income or interest expense. Any paid/received premium in connection with the swap contract is reported as interest and is distributed over the term of the contract.

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted with the current interest for the remaining term (see also "Note 18 Short-term and long-term loans").

Forward contracts

Forward contracts are normally not booked until they are due or closed. However, an unrealized loss is booked if the fair value of the contract is negative on the balance sheet date. The difference between the spot rate and forward rate of forward contracts is reported as interest and allocated over the term of the contracts.

The fair value is determined as the difference between the rate according to the forward contract and the rate of a corresponding forward contract with a term that is in agreement with the remaining term of the valued contract (see also "Note 13 Shares and participations" and "Note 30 Inventories of shares and participations").

Options

On the acquisition or exercise date, the option premium is reported as a receivable/liability in the balance sheet.

When an option is exercised, the premium and exercise amount are reported as the acquisition value of the acquired instrument or sales proceeds from the disposal, respectively.

When an option is offset or expired, and it is not associated with the acquisition or disposal of the underlying instrument, financial income/expense is reported.

If the fair value of an option is less than the carrying amount on the balance sheet date, an unrealized loss is booked.

The fair value of listed options is based on market prices. The fair value of unlisted options is based on market prices for similar instruments (see also "Note 13 Shares and participations" and "Note 30 Inventories of shares and participations").

Hedging of transactions in foreign currency

When hedging transactions in foreign currency, such as with forward contracts, the hedged transaction is reported at the contracted forward rate.

Hedging of investments in foreign currency

Changes in the value of derivatives used to hedge investments in foreign currency are taken into account when determining the fair value of the investments. The carrying amount can be affected by a currency hedge since the need for impairment is determined on the basis of a comparison between the carrying amount and fair value. The accumulated change in value of the hedging instruments affects the fair value of the hedged holdings until the holdings are divested. In connection with the divestment, the accumulated change in value of the derivative instruments is transferred to realized capital gains/losses.

Hedging of net investments in foreign subsidiaries
Changes in the value of derivative instruments that are used to hedge net investments in foreign subsidiaries are reported on an ongoing basis in shareholders' equity against exchange rate differences arising from the translation of the accounts of foreign subsidiaries. When a derivative instrument is due, the accumulated change in value is retained in shareholders' equity until the subsidiaries are sold or discontinued. The change in value due to hedging measures is then reported in income.

Employee benefits
As of 2004, "Employee benefits" are reported in the consolidated financial statements in accordance with recommendation RR 29 of the Swedish Financial Accounting Standards Council.

Employee benefits after retirement
The Group's pension commitments have been recalculated in accordance with the new recommendation noted above. The differences, compared with pension provisions reported on December 31, 2003, have affected shareholders' equity at the beginning of fiscal 2003.

The Group has both defined benefit pension plans and defined contribution pension plans. In defined contribution pension plans, the company makes fixed contributions and has fulfilled its obligations. Group income is charged for costs as the pensions are earned.

In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service with the company. The Group carries the risk for making the payments. Obligations in a defined benefit pension plan are determined by an actuarial calculation based on a number of actuarial assumptions. The calculation is made annually by independent actuaries. In the balance sheet, the present value of the obligations is shown as a provision.

Defined benefit plans consist mainly of commitments secured through insurance with the insurance company SPP Livförsäkring AB (the equivalent of Alecta). In accordance with a statement by the Swedish Financial Accounting Standards, URA 42, this defined benefit plan is a multi-employer plan. For fiscal 2004, the company has not had access to information that would enable the reporting of this plan as defined benefit plan. The year's fees for pension insurance signed with SPP totaled SEK 10 m. SPP's surplus funds can be distributed to policyholders and/or the insured employees. At year-end 2004, SPP's surplus funds amounted to 111 percent of the collective consolidation level. The collective consolidation level comprises the market value of SPP's assets as a percentage of insurance commitments calculated in accordance with SPP's actuarial calculation commitments, which are not in agreement with RR 29. In addition to the above, the Group has a small number of other defined benefit pension plans for already retired employees.

Parent Company and the Group's subsidiaries in Sweden
Defined benefit pension plans
The companies apply "Recommendation No. 4, Reporting of Pension Liabilities and Pension Costs" of the Swedish Institute of Authorized Public Accountants (FAR).

The companies have established defined benefit pension plans. The commitments of the companies to pay pension in the future therefore have a capital value. The capital value is the present value of the companies' obligations to pay pension in the future and has been calculated on an actuarial basis, based on actuarial assumptions. Pension levels on the balance sheet date are the basis for calculating the capital value. Pension obligations are reported in the balance sheet under the heading "Provisions for pensions and similar commitments". A note to the balance sheet provides information about the portion of provisions covered by the Swedish law on safeguarding pension commitments ("Tryggandelagen"). Pension costs for the year are charged against operating income.

Defined contribution pension plans
The companies' commitment for each period consists of the amounts the companies will contribute for the actual period. Consequently, no actuarial assumptions are required to calculate the commitment or cost.

Foreign subsidiaries
All pension plans in foreign subsidiaries are defined contribution plans.

Benefits when employment is terminated
When employees are terminated, a provision is reported only if the company is demonstrably obligated to terminate an employee's employment before the normal time, or when benefits are offered to encourage voluntary departure from the company.

Equity-related benefits
During the past few years Investor AB has granted stock options to the Group's employees, including as of 2004, a combined stock option and share program for senior executives (see also "Note 3 Employees, payroll costs and information concerning benefits for senior executives"). Any possible effects of an increase in Investor's share price, compared with the strike price for each employee stock option program, which are not covered by hedge contracts at the beginning of the year, are charged directly against stockholders' equity. The corresponding liability item is reported under "Provisions". Social security costs for employee stock options are recognized in the income statement.

NOTE 1 cont'd Accounting principles

Taxes
The Group's total tax charge consists of current tax and deferred tax. Current tax is tax that must be paid or received and refers to the current year. Current tax also includes adjustments of current tax attributable to earlier periods. Deferred tax is based on the difference between the taxable and accounting value of assets and liabilities. If the calculations yield a deferred tax receivable, the receivable is booked as an asset only to the extent to which it is expected to be realized. Deferred tax is estimated in accordance with current tax rates. The taxes are reported in the income statement, except when the underlying transaction is charged directly against shareholders' equity, whereby the associated tax effect is reported in shareholders' equity.

Provisions (with the exception of deferred tax)
A provision is reported in the balance sheet when there is a formal or informal commitment as a consequence of an event for which it is probable that an outflow of resources will be needed to settle the commitment and when a reliable estimate of the amount can be made.

Hedge contracts for employee stock options
Continuous financing costs for hedge contracts are reported in the income statement, while the possible effect of declining Investor share prices, compared with the values of hedge contracts, is reported directly against shareholders' equity. The corresponding liability item is reported under "Provisions".

Contingent liabilities
A contingent liability is reported when there is:
- a possible commitment originating from events that have occurred and whose existence is confirmed only by the fact that one or more uncertain future events, which are not completely in the company's control, will occur or not occur, or
- a commitment originating from occurred events but which is not reported as a liability or provision since it is not likely that an outflow of resources will be required to settle the commitment, or that the extent of the commitment cannot be calculated with sufficient certainty.

Revenues
Revenues consist mainly of capital gains on the sale of securities and dividends. Revenues are reported in the income statement when it is probable that economic benefits associated with the transaction will flow to the company and the amount of benefits can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable. A dividend is recognized when the right to receive a payment is established.

Operating costs
Operating costs refer mainly to costs of administrative nature, such as payroll costs, rental charges, travel expenses, consultant costs, etc.

Income from financial items
Net financial items consist of interest on liabilities, including pension provisions, interest income from receivables, exchange gains/losses on financial receivables and financial liabilities, and the interest component in currency hedging instruments. In the Parent Company, net financial items also include dividends from subsidiaries. Interest payments on currency swaps are reported net. Interest income on receivables and interest expense on liabilities include discounts, premiums and transaction costs, which are allocated over the term of the underlying instrument.

Fees and reimbursements of costs for auditors
When evaluating if an assignment carried out by the company's auditors is to be considered as an auditing assignment or other type of assignment, the company applies the definition used in the guidance of the Swedish Institute of Authorized Public Accounts (FAR) for annual reports of stock corporations.

Loan costs
Borrowing costs are charged against income for the period they are related to, regardless of the way the borrowed funds were used.

Leasing
The Group's finance and operating leases are of non-material nature and are therefore not specified in notes.

NOTE 2 Capital gains/losses and write-downs

	2004	2003
Parent Company		
Capital gains	5,575	548
Capital losses	–	–259
Write-downs	–	–42
Reversed write-downs	3	113
Other	–46	–1
Total	**5,532**	**359**
Group		
Core Holdings		
Capital gains	6,432	649
Capital losses	–	–181
Total, Core Holdings	**6,432**	**468**
New Investments		
Capital gains	2,399	1,370
Capital losses	–1,334	–934
Write-downs	–1,329	–2,221
Reversed write-downs	1,742	2,146
Other	–334	–125
Total, New Investments	**1,144**	**236**
Other Holdings		
Capital gains	332	12
Capital losses	–45	–101
Write-downs	0	–94
Reversed write-downs	68	95
Other	–	1
Total, Other Holdings	**355**	**–87**

NOTE 3 Employees, payroll costs and information concerning benefits for senior executives

WHOLLY OWNED INVESTMENT OPERATIONS

Investor's wholly owned investment operations comprise the activities of the Parent Company, the Active Portfolio Management unit and Investor Growth Capital. The payroll costs shown below for these units are included in "Operating costs" for each business area in the income statement.

Average number of employees	2004		2003	
	Total	of whom, Women	Total	of whom, Women
Parent Company, Sweden	92	50	99	55
Wholly owned subsidiaries				
Sweden	17	4	19	5
United States	24	9	26	8
United Kingdom	1	0	1	0
Hong Kong	7	1	7	1
The Netherlands	4	2	6	2
Total, wholly owned investment operations	**145**	**66**	**158**	**71**

Expensed wages, salaries, board of director fees and other compensation, as well as social security costs

	2004				2003			
	Wages, salaries and other compensation	Social security costs	*Of which, pension costs*	Total	Wages, salaries and other compensation	Social security costs	*Of which, pension costs*	Total
Parent Company	73	69	*44*	142	87	80	*51*	167
Wholly owned subsidiaries within investment operations	102	24	*12*	126	104	22	*10*	126
Total, wholly owned investment operations	**175**	**93**	*56*	**268**	**191**	**102**	*61*	**293**

Expensed wages, salaries, board of director fees and other compensation

	2004				2003			
	Board and President	*Of which, variable salary*	Other employees	Total	Board and President	*Of which, variable salary*	Other employees	Total
Parent Company, Sweden	14	*3*	59	73	13	*2*	74	87
Wholly owned subsidiaries								
Sweden	2	*1*	27	29	2	*0*	24	26
United States	15	*7*	35	50	15	*7*	41	56
United Kingdom	1	*0*	1	2	1	*0*	1	2
Hong Kong	5	*2*	13	18	5	*2*	12	17
The Netherlands	1	*0*	2	3	1	*0*	2	3
Total, wholly owned investment operations	**38**	*13*	**137**	**175**	**37**	*11*	**154**	**191**

Absenteeism due to illness

Absenteeism due to illness within Investor's wholly owned investment operations (as a percentage of work time) in 2004 was 2.63 percent (women 1.81 percent and men 3.52 percent; 39.6 percent of absenteeism due to illness refers to a continuous period of 60 days or more). Absenteeism due to illness for employees under the age of 29 was 0.63 percent, 2.89 percent for age 30–49 and 2.52 percent for employees over 50 years of age.

Compensation

In accordance with the recommendations concerning information about benefits for senior executives issued by the Swedish Industry and Stock Exchange Committee (NBK), the following information is being provided in the text and tables below. Since the recommendations are to be applied by companies whose shares are quoted on the stock exchange in Sweden, the information is primarily about senior executives in Investor AB. Since the general principles described here also encompass other employees in Investor's wholly owned investment operations, information is also being provided about these units.

Based on NBK's recommendations, Investor defines senior executives as "top management" and "other senior executives" in the company at year-end.

"Top management" is defined as:
- the Chairman of the Board (Claes Dahlbäck),
- board members not employed by the company who receive special compensation in addition to the fee received for board duties (Björn Svedberg), and
- the Chief Executive Officer and President (Marcus Wallenberg).

"Other senior executives" refers to other employed executives in the company's management than those who are members of "top management". In Investor's case, other senior executives include the following five employees who comprise the company's Management Group together with the President:
- Adine Grate Axén, Börje Ekholm, Henry E. Gooss, Fredrik Hillelson and Lars Wedenborn.

NOTE 3 cont'd Employees, payroll costs and information concerning benefits for senior executives

Compensation Committee
Investor's Compensation Committee is appointed each year by the board. In 2004, the committee's members consisted of board members Claes Dahlbäck (committee chairman), Peter D. Sutherland, O. Griffith Sexton and Anders Scharp. The main purpose of the committee is "to enable an independent and thorough review of all aspects of Investor's compensation program and to make decisions about executive compensation in the company."

For decision-making, the Compensation Committee continuously receives information and views from the President, the CFO and head of Human Resources, among others. The committee also obtains views, reports and information for decision-making from external advisers for the purpose of securing access to current reference material. Internal and external information used for decision-making purposes help ensure that Investor's compensation program is ethical and in accordance with market conditions in the both the company's and employees' perspective.

In 2004, the committee had three meetings during which minutes were taken. The committee's basic work and decision-making process are as follows:
- Questions concerning all compensation for the President and the variable long-term incentive programs for the company are submitted to the board for decision.
- Other compensation issues are decided by the committee and reported to the board afterwards.

Compensation policy
Investor strives to offer compensation in line with market conditions that makes it possible to recruit senior executives and other employees and retain them in the company. Benchmarking studies of relevant industries and markets are continuously carried in order to determine what constitutes compensation in line with market conditions and to evaluate current compensation levels. The principles for compensation for Investor's employees are:
- to ensure that employees in Investor's different operations receive compensation that is competitive and in line with market conditions. Here, it must be taken into account that Investor conducts different types of investment activities in a number of countries where compensation practices differ,
- to ensure that shareholders and employees have a similar view and perspective with regard to the company's long-term operations,
- to enable a clear connection between compensation and the long-term performance of Investor and the company's net asset value,
- that compensation is based on such factors as work responsibilities, competence, experience, position and performance. Investor AB is an equal opportunity employer and does not unlawfully discriminate on the basis of race, gender, ethnic background, national origin, age, disability, sexual preference, or any other protected status, and
- that the proportion between basic salary and variable salary is to be based on the employee's position and tasks.

For the entire organization Investor applies the "grandfather principle" with regard to recruitment and compensation. This principle means that, when a new employee is to be recruited, every manager's superior is always to be informed about the recruitment and is to approve it and the new employee's compensation.

Compensation programs
Investor conducts different types of investment activities in markets in Asia, Europe and North America. Investor therefore competes for personnel against companies that offer different types of compensation programs and compensation levels. Investor's compensation for senior executives, as well as for other employees, takes this into consideration. Compensation consists of the following components:
- basic salary,
- variable salary,
- variable long-term incentive programs,
- pension, and
- other compensation.

A fee is paid to board members in accordance with a decision made by the Annual General Meeting. In addition to compensation from Investor, the President and members of the Management Group receive board fees from core holdings in which they are board members (see also "Fees received for board work" on page 73).

Basic salary
The same principle for basic salary is applicable to all Investor employees in which salaries are reviewed annually, with the exception of basic salary for Management Group members which is reviewed every other year. Any adjustment to an employee's basic salary is usually effective January 1. The annual review of basic salary takes into account the employee's performance, any changes to his or her areas of responsibility, the company's development and salary trends in the market. In cases when the person's areas of responsibilities change considerably during the year, basic salary can be reviewed on those occasions.

Variable salary
The majority of Investor's employees have a variable salary. The variable portion of salary differs between business areas and amounts to a maximum of 60 percent of basic salary for the President, and to between 0 and 80 percent of basic salary for other senior executives. For other employees variable salary ranges between 0 and 50 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be between 0 and 100 percent of their basic salary. In cases when the President decides that a person in the company has made an exceptional contribution during the year, he can award an additional variable salary. However, this additional variable salary has to be specifically approved by Investor's Compensation Committee.

When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of the employee's basic salary.

Quantitative and qualitative goals must be reached in order to receive variable salary. The focus of the goals for the President is set each year in a dialog between the President and the Chairman. The specific goals for the President are proposed by the Compensation Committee and are later approved by the board. The development of Investor's net asset value, and specific tasks that may vary from year to year, can constitute the basis for the President's variable salary.

The President sets the goals for Investor's Management Group. Goals for other employees are established by each employee's manager. Variable salary is decided in accordance with the "grandfather principle".

The following principle was adopted for distributing any variable portion of salary for 2004:
- 25 percent of any variable salary was based on positive growth of Investor's net asset value during the year,
- 25 percent of any variable salary was based on the results of a business area's or department's specific performance, and
- 50 percent of any variable salary was based on the employee's personal performance.

Example: For an employee with a possible variable salary of 20 percent, 5 percentage points is derived from the growth of Investor's net asset value, 5 percentage points from the performance of the employee's department and the remaining 10 percentage points are based on fulfilling personal goals.

Variable long-term incentive programs

Employee stock option programs

In 1998, Investor's board approved the launch of an annual, recurring employee stock option program[1] based on shares in Investor AB. The programs have encompassed all employees since 2000. The employee stock option programs do not cover board members. As of 2004, there is a special employee stock option and restricted stock program for senior executives (see also below). The board's approval of both programs is conditional on the Annual General Meeting approving the programs' scope and basic principles.

In the employee stock option programs, Investor issues call options giving the option holder the right to purchase an equivalent number of shares at a predetermined price. The employee stock options are granted free of charge but are part of the total compensation package for employees. In general, the options can only be exercised during the time the holder is employed with the company, and during a short period thereafter, with the exception of former employees who have a board assignment in the Investor Group.

The Compensation Committee decides the number of employee stock options that will be granted each year. The principle is that the number of allocated options shall be in proportion with the current total payroll of the company. The Management Group then decides how the options will be distributed between each business area, after which each business area manager determines the number of options that each department should receive. In the final stage, each department manager evaluates and decides how the options will be distributed to each employee. The number of options allocated to each employee does not have to be in proportion to the employee's salary – they are awarded on a discretionary basis. In accordance with the above, Investor's board has approved the issue of employee stock options from 1998 to 2004. The number of outstanding employee stock options totals 10,296,879 (including the 2004 program), corresponding to 1.3 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2004. The exercise period for each program is seven years.

The value of the employee stock options issued between 1998 and 2004 has been calculated in accordance with the Black & Scholes valuation model for stock warrants. The value of an option has been calculated on an assumed volatility of 20-30 percent. When establishing the volatility, special limitations to the exercise rights for employee stock options are taken into account.

1998

Options issued in 1998 refer in their entirety to an allocation to the President that year and were granted in connection with the conversion to a defined-contribution pension plan.

1999

The options issued in 1999 can be divided into two different programs. One program refers to the options that were granted senior executives in connection with the conversion to a defined-contribution pension plan. The granting of these options was of a one-time character. The other program pertains to options for around 15 other senior executives. These persons were granted a number of options whose calculated theoretical value (see "Summary of terms for employee stock option programs" table) corresponded to 10–60 percent of basic salary.

2000, 2001, 2002, 2003 and 2004

For these years, the issued options refer in their entirety to one program per year which covers all personnel and replaces an earlier bonus program that was linked to the performance of Investor shares in relation to the OMX index. The total number of employee stock options for allocation is determined on the basis of the current payroll of the company. For senior executives, a number of options were issued whose calculated theoretical value corresponds to 10–70 percent of basic salary. For other employees, the stock options were allocated as of 2002 based on a pool of options that was allocated on a departmental basis, which each department manager distributed among his or her employees based on individual assessment. The strike price for employee options in the 2000–2004 programs was set at 110 percent of the share price the day after Investor's year-end report was released.

Hedge contracts for employee stock options

Investor's policy is to protect the company against costs that might arise in connection with an increase in Investor's share price. A decrease in Investor's share price, below the average hedge price, results in an unrealized change in value that is reported on a continuous basis as a provision and adjustment item under shareholders' equity. The average share price in the hedge contracts is SEK 120.11. Furthermore, the hedging solution also means that the employee stock option programs do not affect the number of outstanding shares in Investor. Continuous costs for these hedge contracts in 2004 amounted to SEK 7 m. (15) (see also "Note 1 Accounting Principles").

No new hedge contract was entered into for the 2003 and 2004 employee stock option programs because previous hedges are estimated to also cover the options granted for these years. However, a hedge contract was entered into for the 2004 share program. The change in the value of employee stock option programs and associated hedge contracts has been reported as a change in stockholders' equity amounting to SEK 73 m. (75). To the extent that Investor's share price is lower than the hedge price, any negative effects on cash flow would not arise until an exercise of options takes place or when the seven-year employee stock option programs mature.

Combined employee stock option and restricted stock program

The board of directors has decided to launch a combined employee stock option and restricted stock program for senior executives as of 2004. The program consists of 60 percent shares and 40 percent options. The board's decision was based on information prepared by

1) Employee stock option refers to a commitment in accordance with Chapter 10, Section 11, paragraph 2 of the Swedish Income Tax Law.

NOTE 3 cont'd Employees, payroll costs and information concerning benefits for senior executives

Summary of terms for employee stock option programs

Year issued	Number of granted options	Exercised options	Overdue options	Number of options at year-end	Percentage of total outstanding shares	Vested options[9]	Theoretical value[8]	Strike price	Maturity date	Vesting period (year)	Holder[10]
1998	784,000	0	0	784,000	0.10%	784,000	22.25	103.13	2005-12-31	5[1]	SE
1999	2,197,948[2]	0	0	2,197,948	0.29%	2,197,948	22.25	103.13	2005-12-31	3	SE
1999	651,680[3]	0	54,856	596,824	0.08%	596,824	17.50	93.00	2006-02-11	3	SE
2000	398,528[4]	0	44,410	354,118	0.05%	354,118	38.73	136.40	2007-02-11	3[5]	SE
2000	387,401	0	152,100	235,301	0.03%	235,301	38.73	136.40	2007-02-11	3[5]	OE
2001	609,900[6]	0	98,300	511,600	0.07%	511,600	31.83	153.00	2008-02-11	3[5]	SE
2001	566,200	0	200,400	365,800	0.05%	365,800	31.83	153.00	2008-02-11	3[5]	OE
2002	389,000[7]	0	0	389,000	0.05%	259,307	18.08	121.55	2009-02-11	3[5]	SE
2002	795,750	0	120,904	674,846	0.09%	449,852	18.08	121.55	2009-02-11	3[5]	OE
2003	1,081,000[11]	0	0	1,081,000	0.14%	360,297	8.21	52.50	2010-02-11	3[5]	SE
2003	2,606,436	148,526	653,017	1,804,893	0.24%	601,571	8.21	52.50	2010-02-11	3[5]	OE
2004	221,900[12]	0	0	221,900	0.03%	0	15.80	84.70	2011-01-20	3[5]	SE
2004	1,079,649	0	0	1,079,649	0.14%	0	15.80	84.70	2011-01-20	3[5]	OE
Total	**11,769,392**	**148,526**	**1,323,987**	**10,296,879**		**6,716,618**					

1) The options can be exercised January 1, 2004 at the earliest.
2) Of which, 458,936 were issued to the President.
3) Of which, 154,284 were issued to the President.
4) Of which, 77,459 were issued to the President.
5 One-third of the number of issued options is considered to be earned during each of the three years immediately following the year the options were issued. This means, that of the options issued in 2000, one-third can be exercised after February 12, 2001. For options issued in 2001, one-third can be exercised after February 12, 2002, etc. If employment ceases before the options vest, the granted number of options must be exercised within three months after employment ceases. As of the 2002 option program, the exercise period has been extended 12 months if a holder has been employed more than four years.
6) Of which, 110,000 were issued to the President.
7) Of which, 193,600 were issued to the President.
8) The value of granted options is based on a theoretical value calculated with the Black & Scholes model on the allocation date. Due to the special terms of the options with regard to the vesting period and exercise period, the volatility parameter has been adjusted to take this into account.
9) Vested options refers to the number of options that have been fully earned (see also footnote 5 above).
10) SE = Senior Executives; OE = Other Employees.
11) Of which, 475,000 were issued to the President.
12) Of which, 86,100 were issued to the President

the Compensation Committee. Implementation of the program was subject to the approval of the Annual General Meeting, which was held in April 2004. The award of employee stock options and shares constitutes part of the agreed compensation framework for senior executives. The value of the awarded options and restricted stock will correspond to 10-60 percent of a senior executive's basic salary. The stock options component of the program is designed in the same way, and with the same terms, as the program for other employees. The stock will be awarded free of charge but will comprise part of the total compensation package. One third of the issued stock will vest on January 20, 2007, one third on January 20, 2008 and one third on January 20, 2009. Vested shares are restricted stock that will not become available until January 20, 2009 at the earliest. The vesting period ends if a senior executive's employment is terminated. Amounts corresponding to the allocation of vested shares in 2007 and 2008 will not be received until the stock becomes available.

The value of options granted in 2004 amounted to approximately 9 percent of Investor's total payroll.

Profit-sharing program for active portfolio management activities

For Investor's Active Portfolio Management activities there is a profit-sharing program in which employees receive variable salary corresponding to 20 percent of the unit's profit, after deduction for financial and administrative expenses. The program is conditional upon positive profit growth over a two-year period, during which any losses are taken into account in the following fiscal year. The calculation of the result – the platform for the profit sharing – is based on a market valuation of security holdings, as opposed to the valuation in the financial statements, which is based on the acquisition cost method, which can result in the transfer of the reported trading result between years.

Profits are shared in the form of salary or pension insurance. The choice of payment method is neutral for Investor in terms of cost. For the profit-sharing program, SEK –2 m. (7), and SEK 0 m. (2) in social fees, were expensed during the year in addition to what is reported in the table on page 69. The expensed amount for salaries in 2003 and 2004, a total of SEK 5 m., shall be put in relation to the profit-sharing-based trading result totaling SEK 43 m. for these two fiscal years. When profit sharing is a direct function of value generation, costs are included under the heading "Net income, active portfolio management" in the consolidated income statement.

Pension

Pension for the President and other senior executives consists of two parts:

- A defined benefit pension plan based on premiums in accordance with the BTP Plan (Swedish pension plan for the banking sector) on parts of salary up to 30 basic income amounts (SEK 1,269,000) and the possibility to choose BTP's alternative special defined contribution pension plan for managers with an annual salary above 10 basic income amounts.
- A defined contribution pension plan on parts of salary above 20 basic amounts. The amount of the pension provision depends on age and is currently 25 percent until the age of 40; 30 percent between 41 and 50 years; and 35 percent over 51.

Since pension for senior executives is a defined contribution plan, it is set and the cost is known. Each person who will receive a pension decides on a suitable type together with his or her employer, based on current pension practice. Only basic salary is used to establish the annual pension premium. The retirement age is 60 years for the President and other senior executives.

Henry E. Gooss, who is employed by Investor's subsidiary in the United States, is covered by a pension plan that has been prepared in accordance with a model applied in the U.S. The costs for this plan do not exceed those of an equivalent plan in Sweden.

Other employees in Investor are covered by pension agreements in accordance with the BTP Plan and have the possibility to choose BTP's alternative special defined contribution pension plan on parts of salary between 7.5 and 30 basic income amounts.

Other compensation

Other benefits

Since 1997 Investor has offered all employees in operations in Sweden, who have children under the age of 12, the possibility to have home help in the form of cleaning and babysitting service. Some senior executives also have a company car and a free parking space in a garage. Investor's employees and senior executives normally do not have any housing benefit, except for employees who are on overseas service for a limited period of time. In addition, there are a number of ordinary benefits for Investor's employees, such as corporate medical services and the possibility to rent vacation homes.

Severance pay

A mutual six-month term of notice applies between the President and the company. If the company terminates employment, the President will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, after the end of employment, the President is entitled to a maximum of 12 months' additional severance pay. The terms and conditions for other senior executives do not exceed the terms for the President with regard to terms of notice and severance pay. Other employees in Investor have no contracted right to severance pay.

Fees received for board work

For many years Investor has had the practice of allowing employees to keep the fees they receive for work done on the boards of Core Holdings. One reason that this practice is applied is that the employee assumes personal responsibility by having a board position. Fees received for board work are taken into account by Investor when determining the total compensation for the employee.

Amounts of compensation paid to the board and top management

This table is prepared in accordance with the recommendation of the Swedish Industry and Stock Exchange Committee (NBK) concerning information about the benefits for senior executives. "Top management" refers to Claes Dahlbäck (Chairman of the Board), Björn Svedberg (board member who has received special compensation in addition to the fee for board duties) and Marcus Wallenberg (President).

The amounts in the table are calculated according to the accruals concept, in which any changes to vacation pay provisions, etc., are included. Variable salary refers to the decided variable salary for the current fiscal year, unless specified otherwise.

On December 31, 2004, two women and nine men served on the board of directors of the Parent Company.

Total compensation for 2004 (SEK 000s)	Basic salary	Variable salary for the year	Board fee	Other compensation and benefits	Total salary and compensation	Value of long-term incentive programs[2]	Pension costs excluding payroll tax[3]	Total compensation
Top management								
Claes Dahlbäck			1,500		**1,500**			**1,500**
Marcus Wallenberg	6,123	2,520		63	**8,706**	3,570	1,904	**14,180**
Björn Svedberg[1]			375	720	**1,095**			**1,095**
Other board members								
Jacob Wallenberg			325		**325**			**325**
Håkan Mogren			375		**375**			**375**
Peter D. Sutherland			350		**350**			**350**
Sune Carlsson			400		**400**			**400**
Anders Scharp			350		**350**			**350**
Ulla Litzén			350		**350**			**350**
O. Griffith Sexton			350		**350**			**350**
Sirkka Hämäläinen			350		**350**			**350**
Former board members and presidents								
Peter Wallenberg							14,651	**14,651**
Others				450	**450**		307	**757**
	6,123	**2,520**	**4,725**	**1,233**	**14,601**	**3,570**	**16,862**	**35,033**

1) "Other compensation and benefits" refers to special assignments for Investor concerning Hi3G.

2) The amounts refer to the theoretical value of granted employee stock options and the value of the shares when they are issued. Employee stock options granted to Marcus Wallenberg total 86,100 and 1,555,379 on an accumulated basis, and the number of issued shares (restricted stock) amount to 28,700. The accumulated number of employee stock options awarded to Claes Dahlbäck is 1,085,705. The accumulated number of options for Jacob Wallenberg is 759,252 and 376,663 for Ulla Litzén.

3) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and amounted to SEK 161,794,000 at year-end. Outstanding pension commitments for former board members and presidents total SEK 32,802,000.

The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. The theoretical value has been calculated at SEK 15.80 per option for the 2004 Employee Stock Option Program.

For top management there are no outstanding pension commitments that are not covered by foundations or endowment insurance policies.

NOTE 3 cont'd Employees, payroll costs and information concerning benefits for senior executives

Total compensation for 2003 (SEK 000s)	Basic salary	Variable salary for the year	Board fee	Other compensation and benefits	Total salary and compensation	Value of long-term incentive programs[2]	Pension costs excluding payroll tax[3]	Total compensation
Top management								
Claes Dahlbäck			1,500		**1,500**			**1,500**
Marcus Wallenberg	6,475	1,560		60	**8,095**	3,900	1,916	**13,911**
Björn Svedberg[1]			325	720	**1,045**			**1,045**
Other board members								
Jacob Wallenberg			325		**325**			**325**
Håkan Mogren			325		**325**			**325**
Peter D. Sutherland			325		**325**			**325**
Sune Carlsson			325		**325**			**325**
Anders Scharp			325		**325**			**325**
Ulla Litzén			325		**325**			**325**
O. Griffith Sexton			325		**325**			**325**
Former board members and presidents								
Peter Wallenberg				11	**11**		14,430	**14,441**
Others							339	**339**
	6,475	**1,560**	**4,100**	**791**	**12,926**	**3,900**	**16,685**	**33,511**

1) "Other compensation and benefits" refers to special assignments for Investor concerning Hi3G.
2) The amounts refer to the theoretical value of granted employee stock options and the value of the shares when they are issued. Employee stock options granted to Marcus Wallenberg total 475,000 and 1,469,279 on an accumulated basis. The accumulated number of employee stock options granted to Claes Dahlbäck is 1,085,705. The accumulated number of options for Jacob Wallenberg is 759,252 and 376,663 for Ulla Litzén.
3) Outstanding pension commitments for Peter Wallenberg total SEK 180,000,000 and SEK 75,490,000 for former board members and presidents.

The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. The theoretical value has been calculated at SEK 8.21 per option for the 2003 Employee Stock Option Program.

For top management there are no outstanding pension commitments that are not covered by foundations or endowment insurance policies.

Amounts of compensation paid to other senior executives

"Other senior executives" for Investor refers to the Management Group, excluding the President. There is one woman and five men in the Management Group. The amounts in the table are calculated according to the accruals concept, whereby the terms basic salary and variable salary refer to expensed amounts, including any changes to provisions for variable salary, vacation pay, etc.

Total compensation for 2004 (SEK 000s)	Basic salary	Variable salary for the year	Other compensation and benefits	Total salary and compensation	Value of long-term incentive programs[2]	Pension costs excluding payroll tax[3]	Total compensation
Management Group, excluding the President [1]	17,676	9,004	1,440	**28,120**	5,634	5,058	**38,812**
	17,676	**9,004**	**1,440**	**28,120**	**5,634**	**5,058**	**38,812**

1) Adine Grate Axén, Börje Ekholm, Henry E. Gooss, Fredrik Hillelson and Lars Wedenborn.
2) The amounts refer to the theoretical value of granted employee stock options and the value of the shares when they are issued. The number of employee stock options granted to other senior executives totals 135,800 and amounts to 1,494,358 on an accumulated basis. The number of granted shares amounts to 45,300 and totals 45,300 on an accumulated basis.
3) For other senior executives there are no outstanding pension commitments that are not covered.

The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. The theoretical value has been calculated at SEK 15.80 per option for the 2004 Employee Stock Option Program.

Total compensation for 2003 (SEK 000s)	Basic salary	Variable salary for the year	Other compensation and benefits	Total salary and compensation	long-term incentive programs[2]	Value of costs excluding payroll tax[3]	Pension Total compensation
Management Group, excluding the President [1]	18,542	9,875	1,229	**29,646**	4,975	5,415	**40,036**
	18,542	**9,875**	**1,229**	**29,646**	**4,975**	**5,415**	**40,036**

1) Adine Grate Axén, Börje Ekholm, Henry E. Gooss, Fredrik Hillelson and Lars Wedenborn.
2) The amounts refer to the theoretical value of granted employee stock options and the value of the shares when they are issued. The number of employee stock options granted to other senior executives totals 606,000 and amounts to 1,358,558 on an accumulated basis.
3) For other senior executives there are no outstanding pension commitments that are not covered.

The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. The theoretical value has been calculated at SEK 8.21 per option for the 2003 Employee Stock Option Program.

NOTE 3 cont'd Employees, payroll costs and information concerning benefits for senior executives

An estimated amount for variable salary for the current year is allocated in the year-end accounts for a fiscal year. Since decisions about, and payments of, actual variable salary are made in the beginning of the following year, the expensed amount can deviate from the decided amount.

As a consequence of realized profits in carried interest plans (see also "Note 21 Information about affiliated parties"), SEK 10,655,000 for 2004 and SEK 399,000 for 2003 have been paid to other senior executives in the New Investments business (see also Note 21).

OTHER OPERATIONS

Other operations comprise the activities of The Grand Group and Novare, as well as the companies that are investment advisers to the funds in EQT and Investor Capital Partners – Asia Fund. The payroll costs shown below for these units are included in "Costs of goods and services sold" in the income statement.

Average number of employees

	2004		2003	
	Total	Of whom, Women	Total	Of whom, Women
The Grand Group, Sweden	399	192	399	198
Other subsidiaries				
Sweden	44	22	31	12
Denmark	7	3	6	3
Finland	8	2	8	2
Germany	16	5	15	5
Hong Kong	14	8	12	8
Total, other operations	**488**	**232**	**471**	**228**

Expensed wages, salaries, board of director fees and other compensation, as well as social security costs

	2004				2003			
	Wages, salaries and other compensation	Social security costs	*Of which, pension costs*	Total	Wages, salaries and other compensation	Social security costs	*Of which, pension costs*	Total
The Grand Group	102	44	*7*	146	102	44	*7*	146
Other subsidiaries	146	31	*11*	177	130	26	*8*	156
Total, other operations	**248**	**75**	*18*	**323**	**232**	**70**	*15*	**302**

Expensed wages, salaries, board of director fees and other compensation

	2004				2003			
	Board and President	*Of which, variable salary*	Other employees	Total	Board and President	*Of which, variable salary*	Other employees	Total
The Grand Group, Sweden	2	*0*	100	102	3	*0*	99	102
Other subsidiaries								
Sweden	7	*0*	46	53	5	*0*	44	49
Denmark	6	*3*	13	19	4	*0*	8	12
Finland	3	*0*	11	14	3	*0*	9	12
Germany	4	*0*	32	36	4	*0*	30	34
Hong Kong	8	*4*	16	24	8	*4*	15	23
Total, other operations	**30**	*7*	**218**	**248**	**27**	*4*	**205**	**232**

NOTE 4 Fees and expenses for auditors

	2004	2003
Parent Company		
Auditing assignments		
KPMG	4	4
Ernst & Young	0	0
Other assignments		
KPMG	0	0
Ernst & Young	–	–
Total	**4**	**4**
Group		
Auditing assignments		
KPMG	8	8
Ernst & Young	0	0
Other assignments		
KPMG	1	1
Ernst & Young	0	0
Total	**9**	**9**

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the guidance of the Swedish Institute of Authorized Public Accountants (FAR) "About annual accounting of stock corporations".

NOTE 5 Equipment

	12/31 2004	12/31 2003
Parent Company		
Accumulated acquisition values		
Opening balance	30	25
Acquisitions	5	6
Sales and disposals	–1	–1
	34	30
Accumulated depreciation according to plan		
Opening balance	–10	–5
Sales and disposals	0	0
Depreciation according to plan for the year	–6	–5
	–16	–10
Residual value at year-end according to plan	**18**	**20**

The year's accumulated depreciation according to plan of acquisition values amounts to SEK –6 m. (–5) and is reported in the income statement under the heading "Operating costs".

	12/31 2004	12/31 2003
Group		
Accumulated acquisition values		
Opening balance	559	535
Acquisitions	114	38
Sales and disposals	–12	–5
Reclassifications	0	0
Exchange rate differences	–4	–9
	657	559
Accumulated depreciation according to plan		
Opening balance	–302	–266
Sales and disposals	8	3
Reclassifications	0	0
Depreciation according to plan for the year	–46	–45
Exchange rate differences	3	6
	–337	–302
Accumulated write-downs		
Opening balance	–1	–
Depreciation for the year	–	–1
	–1	–1
Residual value at year-end according to plan	**319**	**256**

The year's depreciation according to plan of acquisition values amounts to SEK –46 m. (–45) and is reported in the income statement under the heading "Operating costs" SEK –11 m. (–11) and under "Costs of goods and services sold" SEK –35 m. (–34).

NOTE 6 Exchange rate differences that affected income

	2004	2003
Parent Company		
Exchange rate differences that affected operating income[1)]	26	–114
Financial exchange rate differences	34	11
Total	**60**	**–103**
1) Of which, effect due to hedging measures.	20	18
Group		
Exchange rate differences that affected operating income[2)]	–19	–68
Financial exchange rate differences	35	1
Total	**16**	**–67**
2) Of which, effect due to hedging measures.	–53	190

NOTE 7 Result from participations in Group companies

	2004	2003
Dividends from Group companies	–	0
Write-down of participations in Group companies	–364	–620
Total	**–364**	**–620**

Participations in Group companies have been written down because these companies have written down their shares and participations. The recoverable value has been determined as the net sales value, which is based on adjusted equity plus any surplus values.

NOTE 8 Result from other receivables that are fixed assets

	2004	2003
Parent Company		
Interest income from Group companies	1,033	977
Total	**1,033**	**977**
Group		
Interest income from associated companies	144	47
Exchange rate differences on loans to associated companies	–1	–1
Total	**143**	**46**

NOTE 9 Interest income and similar income items

	2004	2003
Parent Company		
Interest income from Group companies	166	73
Exchange rate differences	34	–
Other interest income	2	3
Total	**202**	**76**
Group		
Interest income from short-term investments	289	267
Net interest swaps	219	–
Exchange rate differences	35	–
Other interest income	12	30
Total	**555**	**297**

NOTE 10 Interest expenses and similar expense items

	2004	2003
Parent Company		
Interest expenses to Group companies	–410	–668
Interest expenses, other borrowings	–1,412	–1,352
Exchange rate differences	–	11
Other	–7	–34
Total	**–1,829**	**–2,043**
Group		
Interest expenses, borrowings	–1,414	–1,288
Exchange rate differences	–	3
Other	–13	–47
Total	**–1,427**	**–1,332**

NOTE 11 Taxes on income for the year

Parent Company
The Parent Company reported no tax expense for 2004 and 2003. The county administrative court, in its ruling on June 23, 2004, granted Investor the right to deduct foreign tax for fiscal years 2001 and 2002. There was no effect on Investor's income since the tax charged earlier was not expensed.

	2004	2003
Group		
Tax on income for the year		
Current taxes	–83	–82
Deferred taxes attributable to changes in temporary differences	–93	18
Tax on shares of earnings in associated companies	–1,406	–734
Total	**–1,582**	**–798**

Information about the connection between tax expense for the period and reported income before tax:

	2004	2003
Group		
Reported income before tax	8,966	639
Tax based on current 28% tax rate	–2,511	–179
Effect of other tax rates for foreign subsidiaries	0	–214
Tax from previous years	0	–
Tax effect of nontaxable income and status as industrial holding company[1)]	2,029	414
Tax effect of nondeductible expenses	–390	–246
Utilization of previously uncapitalized loss carry-forward	14	–
Tax effect of nondeductible goodwill amortization	–435	–467
Difference in effective tax in associated companies	–289	–106
Reported tax expense	**–1,582**	**–798**

1) Industrial holding companies are permitted to a tax deduction on the dividend approved at the next annual general meeting. Capital gains are not taxable, while capital losses are not tax deductible. Industrial holding companies are instead taxed on a standardized basis.

NOTE 12 Shares and participations in Group companies

	12/31 2004	12/31 2003
Accumulated acquisition values		
Opening balance	18,622	18,279
Acquisitions and capital contributions	40	343
Divestments, mergers and repaid capital contributions	–321	–
	18,341	18,622
Accumulated write-downs		
Opening balance	–3,238	–2,618
Write-downs	–364	–620
Recovered write-downs for the year	–	–
	–3,602	–3,238
Closing book value	**14,739**	**15,384**

A specification of shares and participations in Group companies is presented on page 87.

NOTE 13 Shares and participations

	Associated companies	Other	Total
Parent Company			
Core Holdings[1)]	34,347	23,909	58,256
New Investments and Other Holdings	1,621[2)]	355[3)]	1,976
12/31 2004 Total	**35,968**	**24,264**	**60,232**
12/31 2003 Total	**36,017**	**25,265**	**61,282**

1) All holdings are listed as specified on page 78.
2) All holdings are unlisted as specified on page 78.
3) 237 are listed holdings and the rest are unlisted.

If the equity method had been applied instead of the acquisition value method, the difference in shareholders' equity in the Parent Company would have been SEK –2,426 m. on December 31, 2004 (SEK –2,117 m. on December 31, 2003). If the equity method had been applied, the Parent Company's income for 2004 would have been SEK 5,760 m. (SEK –942 m. in 2003).

	Associated companies	Other	Total
Group			
Core Holdings[4)]	32,484	21,629	54,113
New Investments and Other Holdings	1,058[5),]	10,485[6)]	11,543
12/31 2004 Total	**33,542**	**32,114**	**65,656**
12/31 2003 Total	**35,049**	**32,975**	**68,024**

4) All holdings are listed as specified on page 78.
5) All holdings are unlisted as specified on page 78.

6) Of which:	Book value	Market value
listed holdings	688	1,443
unlisted holdings	9,797	10,178
	10,485	11,621

The difference in shareholders' equity in the Group when applying the the equity method instead of the acquisition value method amounts to SEK 953 m. on December 31, 2004 (SEK 1,936 m. on December 31, 2003).

Specification of book value

Associated companies

	12/31 2004	12/31 2003
Parent Company		
Accumulated acquisition values		
Opening balance	36,044	36,548
Acquisitions	–	200
Divestments	–49	–704
	35,995	**36,044**
Accumulated write-downs		
Opening balance	–27	–27
	–27	–27
Closing book value	**35,968**	**36,017**

Group		
Accumulated acquisition values		
Opening balance	35,049	37,421
Reclassifications	–314	–
Share in income of associated companies, etc.	–265	–1,728
Acquisitions	–	200
Divestments	–922	–759
Exchange rate differences	–6	–85
Closing book value	**33,542**	**35,049**

Other core holdings

	12/31 2004	12/31 2003
Parent Company		
Accumulated acquisition values		
Opening balance	21,413	20,211
Acquisitions	1,509	1,962
Divestments	–1,632	–760
	21,290	**21,413**

NOTE 13 cont'd Shares and participations

Accumulated revaluations		
Opening balance	3,562	3,646
Divestments	–943	–84
	2,619	3,562
Closing book value	**23,909**	**24,975**

Group		
Accumulated acquisition values		
Opening balance	22,191	21,024
Acquisitions	1,509	1,962
Divestments	–2,071	–795
Closing book value	**21,629**	**22,191**

Other New Investments and Other Holdings

	12/31 2004	12/31 2003
Parent Company		
Accumulated acquisition values		
Opening balance	334	490
Acquisitions	187	130
Divestments	–124	–286
	397	**334**

Accumulated write-downs		
Opening balance	–44	–55
Divestments	3	36
Write-downs for the year	–1	–25
	–42	–44
Closing book value	**355**	**290**

Group		
Accumulated acquisition values		
Opening balance	16,160	16,987
Reclassifications	649	58
Acquisitions	2,011	2,069
Divestments	–2,898	–2,364
Exchange rate differences	–241	–590
	15,681	**16,160**
Accumulated write-downs		
Opening balance	–5,376	–5,736
Reclassifications	–330	–
Divestments	900	1,024
Write-downs for the year	–466	–879
Exchange rate differences	76	215
	–5,196	–5,376
Closing book value[1)]	**10,485**	**10,784**

1) In addition to the above holdings of securities, there are commitments for add-on investments amounting to SEK 7,805 m. (7,571).

Specification of shares and participations

Company, registered office and registration number	No. of shares	% of votes	% of capital	Adjusted equity [1)]	Income for the year[1)]	Group book value[2)]	Market value[3)] (listed value)	Parent Company book value
Company								
Core holdings – associated companies								
Atlas Copco, Stockholm, reg. no. 556014-2720	31,454,971	21	15	3,342	638	3,393	9,436	2,214
Electrolux, Stockholm, reg. no. 556009-4178	18,457,571	26	6	1,484	200	1,822	2,806	2,128
Ericsson, Stockholm, reg. no. 556016-0680	810,393,516	19	5	3,957	974	8,673	17,437	14,413
Gambro, Stockholm, reg. no. 556041-8005	68,468,225	26	20	3,592	–238	3,605	6,487	2,006
Saab, Linköping, reg. no. 556036-0793	21,611,925	36	20	1,577	216	1,577	2,496	1,155
SEB, Stockholm, reg. no. 552032-9081	138,272,295	21	21	10,551	1,363	12,712	17,768	11,353
WM-data, Stockholm, reg. no. 556124-5233	70,265,500	29	16	421	33	702	1,012	1,078
Total, core holdings – associated companies				24,924	3,186	32,484	57,442	34,347
Other core holdings:								
ABB Ltd	204,115,142	10	10			11,887	7,613	12,149
AstraZeneca Ltd	63,465,810	4	4			5,715	15,327	7,144
OMX AB	12,950,507	11	11			804	1,101	829
Ainax AB	4,444,477	16	16			1,022	1,182	1,022
Scania AB	18,950,973	17	9			2,201	4,978	2,765
Total, core holdings – other						21,629	30,201	23,909
Total, core holdings (all listed companies)						54,113	87,643	58,256
New investments and other holdings – associated companies[4)]:								
HI3G Holdings AB, Stockholm, reg. no. 556619-6647	40,000	40	40	1,058	–558	1,058	1,621	1,621
Total, new investments and other holdings – associated companies				1,058	–558	1,058	1,621	1,621
Other new investments and other holdings						10,485	11,621	355
Total, new Investments and other holdings						11,543	13,242	1,976
Total, shares and participations						**65,656**	**100,885**	**60,232**

1) Adjusted equity refers to the percentage of the company's shareholders' equity that is owned, including the equity portion of untaxed reserves. Net income for the year refers to the share in the company's income after tax, including the equity portion of the year's change in untaxed reserves.

2) Valuations are made in accordance with the principles described in the Accounting Principles, Note 1, page 63. For associated companies, the value of the equity portion is used.

3) The market value of unlisted holdings is determined in accordance with the Valuation Principles, Note 1, page 63.

4) As of December 31, 2004, b-business partners is consolidated as a subsidiary.

NOTE 14 Prepaid expenses and accrued income

	12/31 2004	12/31 2003
Parent Company		
Interest	112	158
Other	21	24
Total	**133**	**182**
Group		
Interest	1,000	1,011
Other financial receivables	12	18
Other	46	51
Total	**1,058**	**1,080**

NOTE 15 Shareholders' equity

Restricted equity
Restricted equity may not be reduced by dividend payments.
Revaluation reserve
When a tangible or financial fixed asset is revalued, the revaluation amount is transferred to a revaluation reserve.
Statutory reserve
The purpose of the statutory reserve is to save part of net profits that are not utilized to cover losses brought forward.

Unrestricted equity
Earnings brought forward
These consist of the preceding year's unrestricted equity after any allocations to the statutory reserve and after any dividend payment. Earnings brought forward, together with net income for the year, comprise the total unrestricted equity in the company – the funds available for the dividend to shareholders.

Distribution of share capital
The Parent Company's share capital on December 31, 2004 (unchanged compared with December 31, 2003) consisted of the following number of shares with a par value of SEK 6.25 per share:

Share class	Number of shares	Number of votes	% of capital share	% of votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
Total	**767,175,030**	**357,239,262**	**100.0**	**100.0**

Exchange rate differences
Accumulated exchange rate differences in foreign operations have been reported separately since the beginning of 1999.

Specification of exchange rate differences in shareholders' equity:

	12/31 2004	12/31 2003
Accumulated exchange rate differences at the beginning of the year	–834	–296
Exchange rate differences for the year from translating foreign subsidiaries	–337	–571
Effect of hedging net investments in foreign subsidiaries for the year	–	33
Accumulated exchange rate differences at the end of the year	**–1,171**	**–834**

NOTE 16 Provisions for pensions and similar commitments

	12/31 2004	12/31 2003
Parent Company		
Other pensions	196	218[1)]
Total	**196**	**218**
Other pensions		
Opening balance	218	229[1)]
Pensions paid during the period	–22	–
Provisions and reversals during the year	0	–11
Closing book value	**196**	**218**
Group		
Provisions for pensions		
FPG/PRI pensions	27	26
Other pensions	199	260[1)]
Total	**226**	**286**
Provisions for pensions		
Opening balance	286	294[1)]
Pensions paid during the year	–24	–
Reclassifications	–38	–
Provisions and reversals during the year	2	–8
Closing book value	**226**	**286**

1) Due to the change of an accounting principle, pension commitments have been recalculated and increased provisions for pensions and similar commitments by SEK 100 m.

Other pension obligations refer to conditional commitments that are not covered by the regulations of Sweden's law on safeguarding pension commitments ("Tryggandelagen"). In addition to reported pension provisions, there are pension commitments amounting to SEK 274 m. (272) that are not covered by pension funds and endowment insurance policies.

NOTE 17 Other provisions

	12/31 2004	12/31 2003
Parent Company		
Hedge contracts for employee stock options	377	454
Other	45	60
Total	**422**	**514**
Hedge contracts for employee stock options		
Opening balance	454	528
Provisions/reversals for the year	–77	–74
Closing book value	**377**	**454**
Other		
Opening balance	60	20
Reclassifications	–	40
Provisions/reversals made during the year	–15	–
Closing book value	**45**	**60**
Group		
Hedge contracts for employee stock options	377	454
Other	97	63
Total	**474**	**517**
Hedge contracts for employee stock options		
Opening balance	454	528
Provisions/reversals for the year	–77	–74
Closing book value	**377**	**454**
Other		
Opening balance	63	46
Reclassifications	–6	40
Provisions/reversals for the year	40	–21
Unutilized amounts reversed during the year	–	–2
Closing book value	**97**	**63**

Hedge contracts for employee stock options
Investor hedges its employee stock option programs and share programs against increases in Investor's share price. A decrease in Investor's share price, below the average hedge price, is reported continuously as a provision and adjustment item under shareholders' equity. Any negative effect on cash flow will not arise until an exercise of options takes place or when the programs mature, to the extent that Investor's share price is not less than the hedge price. Information about the terms of programs is presented in "Note 3 Employees, payroll costs and information concerning benefits for senior executives".

NOTE 18 Short-term and long-term loans

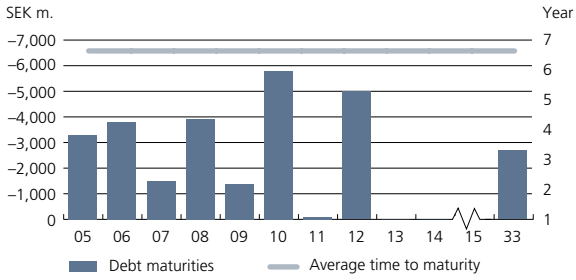
Investor's loan financing is primarily through short-term and long-term loan programs in the Swedish and European capital markets. Investor has a Swedish and European Medium Term Note Program (MTN/EMTN), which are uncommitted loan programs intended for long-term financing. These programs are for SEK 10 bn. and USD 4 bn. For short-term financing Investor has an uncommitted Swedish and uncommitted European Commercial Paper program (CP/ECP) for SEK 10 bn. and USD 1.5 bn. Investor also has a committed syndicated bank loan facility of USD 1,000 m. until February 2008, which can be used for financing and as a liquidity reserve. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants to any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to financial key ratios for the loans it has obtained.

Derivative instruments (currency/interest swaps) are used to control exposure against fluctuating exchange rates and interest rates. All loans in foreign currency are exchanged into Swedish kronor through derivative instruments, eliminating currency risks in the debt portfolio.

The following table shows the Group's interest-bearing liabilities.

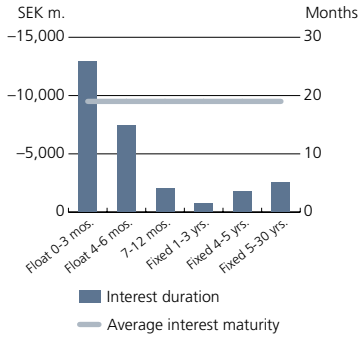
Outstanding amounts divided up by original currency – SEK m.	12/31 2004 Book value	12/31 2004 Fair value	12/31 2003 Book value	12/31 2003 Fair value
EUR	16,647	17,942	17,775	19,103
– belonging to currency/ interest derivatives with positive value	–	–687	–	–1,565
– belonging to currency/ interest derivatives with negative value	–	369	–	907
JPY	2,185	2,191	2,185	1,528
– belonging to currency/ interest derivatives with negative value	–	513	–	639
SEK	7,380	7,822	8,912	9,425
– belonging to interest derivatives with positive value	–	–147	–	–238
– belonging to interest derivatives with negative value	–	29	–	42
USD	1,238	829	1,238	910
– belonging to currency/ interest derivatives with negative value	–	412	–	333
Total long-term/ short-term loans	**27,450**	**28,784**	**30,110**	**30,966**
Total currency/ interest derivatives	**–**	**–489**	**–**	**118**

At year-end, the average maturity of the debt portfolio was 6.5 (6.8) years. The following chart shows the maturity profile of the loans (book value):



Long-term loans	12/31 2004	12/31 2003
Parent Company		
Maturity, 1–5 years from balance sheet date	10,784	15,676
Maturity, more than five years from balance sheet date	13,574	13,756
Total	**24,358**	**29,432**
Group		
Maturity, 1–5 years from balance sheet date	10,570	15,662
Maturity, more than five years from balance sheet date	13,574	13,756
Total	**24,144**	**29,418**

Taking into account existing interest swaps, the average effective interest rate on loans was 3.90 percent (4.25). The average interest rate fixing period was 1.6 years at year-end (1.4). The following diagram shows how the interest rate fixing period is distributed:



Investor AB has short-term and long-term ratings from Standard & Poor's and Moody's.

Rating institution	Long-term rating	Short-term rating	First rating/ latest change
Standard & Poor's	AA-	K-1/A-1+	1994/1997
Moody's	A3	P-2	1998/2004

A rating is a relative assessment of a company's ability to meet its payment obligations and financial commitments.

NOTE 19 Other liabilities

	12/31 2004 Book value	12/31 2004 Fair value	12/31 2003 Book value	12/31 2003 Fair value
Parent Company				
Other	37	37	43	43
Total	**37**	**37**	**43**	**43**
Group				
Shares on loan	881	906	819	865
Options	14	14	36	18
Forward contracts	–	2	–	1
Write-down	–	–	12	–
Pending settlements	394	394	103	103
Other	145	145	73	73
Total	**1,434**	**1,461**	**1,043**	**1,060**

NOTE 20 Accrued expenses and prepaid income

	12/31 2004	12/31 2003
Parent Company		
Interest	727	758
Other financial expenses	16	19
Personnel-related expenses	100	52
Other	67	127
Total	**910**	**956**
Group		
Interest	1,219	1,221
Other financial expenses	118	148
Personnel-related expenses	248	200
Other	386	438
Total	**1,971**	**2,007**

NOTE 21 Information about related parties

The following additional information about related parties is being provided in addition to what has been reported in this annual report.

Intra-Group purchases and sales
Parent Company sales to Group companies amounted to SEK 3 m. in 2004 (4). Parent Company purchases from Group companies totaled SEK 15 m. during the same period (14).

Relations with related parties with a significant influence
Investor is under the joint significant influence of the Wallenberg foundations, of which the largest are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

Transactions with related parties
With the Wallenberg foundations
Investor's support functions provide a limited scope of services for AB Svensk Stiftelseförvaltning and W Capital Management AB, which are wholly owned subsidiaries of the Wallenberg foundations. Transactions with these companies are priced according to market terms.

With associated companies
Normal business transactions are carried out on a continuous basis with Hi3G (telephony services), SEB (banking services) and WM-data (data services). Transactions with these associated companies are priced according to market terms.

Guarantees on behalf of associated companies refer to Hi3G Denmark ApS and Hi3G Access Norway AS, both subsidiaries of Hi3G Access AB. Investor AB has guaranteed to the lender that it will fulfill the debt commitments of the beneficiaries for financing the acquisition of licenses for third-generation mobile networks.

As reported earlier, Investor estimates that its total capital contribution to Hi3G, in the form of shareholder's contributions, will be between SEK 4 bn. and SEK 5 bn. The intention is to finance Hi3G over time with shareholders' equity and external project financing on an approximately 50-50 basis. Investor's outstanding loans with Hi3G are expected to be transferred to external project financing of Hi3G in the future.

Other transactions with Hi3G are described on page 43.

"Note 27 Receivables from associated companies" shows receivables from associated companies.

Dividends from associated companies totaled SEK 1,077 m. (1,009). When preparing the income statement, these dividends are eliminated in accordance with the equity method.

With key persons
See "Note 3 Employees, payroll costs and information concerning benefits for senior executives" for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the board, President and other senior executives.

Investment programs
Carried interest plans
In the New Investments business, selected senior staff, as well as other senior executives, have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the United States and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are connected to realized growth in the value of holdings (after deduction for costs), seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments.

The plans allow a maximum share of 15 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

In his position as chairman of the EQT funds' companies, Claes Dahlbäck has acquired shares in these fund companies corresponding to 2.0-2.5 percent of the capital. These shares carry an obligation to provide approximately SEK 13 m. – on the same terms that apply to Investor and other partners – for investments that the fund companies make in their portfolio companies. About SEK 6 m. of the approximately SEK 13 m. has been provided to date.

Co-investment plans
Key persons, including board members, senior executives and certain selected employees, are offered the opportunity to invest in, or make parallel investments with, the funds that EQT and Investor Capital Partners establish. These investments are made on the same terms as those for other investors. Claes Dahlbäck, chairman of Investor Capital Partners' investment committee, has a commitment to invest approximately SEK 4 m. in Investor Capital Partners' fund. About SEK 2 m. of the SEK 4 m. has been invested to date.

NOTE 22 Supplementary disclosures to the Statement of Cash Flows

Cash and cash equivalents

	2004	2003
Group		
Cash and cash equivalents include:		
Short-term investments	11,527	9,460
Cash and bank balances	598	343
Total	**12,125**	**9,803**

Short-term investments consist of bank deposits, treasury bills and commercial paper which can be easily converted into liquid funds.

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

Interest received/paid

	2004	2003
Parent Company		
Interest received	1,378	889
Interest paid	–2,058	–1,953
Total	**–680**	**–1,064**
Group		
Interest received	2,194	1,658
Interest paid	–3,058	–2,588
Total	**–864**	**–930**

Interest received and interest paid include gross flows from interest swap contracts.

NOTE 23 Effects of the equity method

	2004	2003
Group		
Adjustments due to the equity method		
Less: dividends from core holdings	–1,077	–1,009
Less: capital gains on core holdings in accordance with the acquisition value method, Note 2	–6,432	–649
Add: capital gains on core holdings in accordance with the equity method	5,661	569
Less: capital losses on core holdings in accordance with the acquisition value method, Note 2	–	181
Add: capital losses on core holdings in accordance with the equity method	–	–233
Less: write-downs of new investments in accordance with the acquisition value method, Note 2	1,329	2,221
Add: write-downs of new investments in accordance with the equity method	–1,282	–2,021
Total	**–1,801**	**–941**
Shares in income of associated companies		
Shares in income of associated companies before tax	3,989	2,244
Goodwill amortization	–1,554	–1,667
Total	**2,435**	**577**

NOTE 24 Segment reporting

Performance by business area 1/1–12/31 2004

	Core Holdings	New Investments	Other Holdings	Other Operations	Investor groupwide	Total
Dividends	1,574	61	45	30 [1]		1,710
Capital gains/losses	6,432	730	287	–27 [1]		7,422
Write-downs, net		414	68	12 [1]		494
Other revenues and expenses				–7 [2]		–7
Operating costs	–165	–220	–8	–29	–36	–458
Restructuring cost		–75			–25	–100
Operating income	**7,841**	**910**	**392**	**–21**	**–61**	**9,061**
Net financial items					–729	–729
Adjustment of income due to the equity method	–1,848	47				–1,801
Share in results of associated companies before tax	2,990	45	–600			2,435
Tax and minority interest	–1,629	–2	225		–185	–1,591
Income for the year	**7,354**	**1,000**	**17**	**–21**	**–975**	**7,375**
Change in surplus value	2,387	–685	25	2		1,729
Other (currency, etc.)	–255	–168	40		–92	–475
Dividends paid					–1,726	–1,726
Effect on net asset value	**9,486**	**147**	**82**	**–19**	**–2,793**	**6,903**
Net asset value by business area 12/31 2004						
Book value in accordance with the acquisition value method	52,597	9,690	2,398	1,346	2,780	68,811
Adjustment of book value due to the equity method	1,516		–563			953
Accumulated surplus value	33,530	1,130	571	522		35,753
Net debt					–15,551	–15,551
Total net asset value	**87,643**	**10,820**	**2,406**	**1,868**	**–12,771**	**89,966**

Performance by business area 1/1–12/31 2003

	Core Holdings	New Investments	Other Holdings	Other Operations	Investor groupwide	Total
Dividends	1,665	108	60	13 [1]		1,846
Capital gains/losses	468	311	–88	39 [1]		730
Write-downs, net		–75	1	–12 [1]		–86
Other revenues and expenses				4 [2]		4
Operating costs	–147	–265	–8	–36	–46	–502
Operating income	**1,986**	**79**	**–35**	**8**	**–46**	**1,992**
Net financial items					–989	–989
Adjustment of income due to the equity method	–1,141	200				–941
Share in results of associated companies before tax	1,029	–182	–270			577
Tax and minority interest	–843	32	77		–74	–808
Income for the year	**1,031**	**129**	**–228**	**8**	**–1,109**	**–169**
Change in surplus value	23,584	275	270	–34		24,095
Other (currency, etc.)	–631	–359	–3		–31	–1,024
Dividends paid					–2,608	–2,608
Effect on net asset value	**23,984**	**45**	**39**	**–26**	**–3,748**	**20,294**
Net asset value by business area 12/31 2003						
Book value in accordance with the acquisition value method	52,440	11,024	2,606	1,041	585	67,696
Adjustment of book value due to the equity method	2,257	–95	–226			1,936
Accumulated surplus value	31,144	1,816	544	520		34,024
Net debt					–20,593	–20,593
Total net asset value	**85,841**	**12,745**	**2,924**	**1,561**	**–20,008**	**83,063**

1) Refer to active portfolio management activities, of which sales revenues amounted to SEK 23,837 m. (19,479).
2) Net sales amounted to SEK 707 m. (774) and refer primarily to The Grand Group.

NOTE 24 cont'd Segment reporting

Information by business area 1/1–12/31 2004

	Core Holdings	New Investments	Other Holdings	Other Operations	Investor groupwide	Total
Net sales				707		707
Cost of goods and services sold, excluding depreciation				–661		–661
Depreciation				–53		–53
Other revenues and costs				**–7**		**–7**
Depreciation	–7	–3		–1		–11
Other operating costs	–158	–292	–8	–28	–61	–547
Operating costs	**–165**	**–295**	**–8**	**–29**	**–61**	**–558**
Adjustments due to equity method						
Dividend	–1,077					–1,077
Capital gains/losses	–771					–771
Write-downs, net		47				47
Shares in income of associated companies before tax	2,990	45	–600			2,435
Adjustment of income	**1,142**	**92**	**–600**			**634**
Tax	1,629	–2	225			–1,406
Change in surplus value	742	–94	335			983
Other (currency, etc.)	–255	4	40			–211
Other information by business area						
Shares in income of associated companies, after tax	1,361	43	–375			1,029
Shares in equity of associated companies	32,484		1,058			33,542
Investments in tangible fixed assets	5	1		499		505
Non-cash expenses other than depreciation	–25	–44	–1	–81	–9	–160

Information by business area 1/1–12/31 2003

	Core Holdings	New Investments	Other Holdings	Other Operations	Investor groupwide	Total
Net sales				774		774
Cost of goods and services sold, excluding depreciation				–720		–720
Depreciation				–50		–50
Other revenues and costs				**4**		**4**
Depreciation	–5			–6		–11
Other operating costs	–142	–265	–8	–30	–46	–491
Operating costs	**–147**	**–265**	**–8**	**–36**	**–46**	**–502**
Adjustments due to equity method						
Dividend	–1,009					–1,009
Capital gains/losses	–132					–132
Write-downs, net		200				200
Shares in income of associated companies before tax	1,029	–182	–270			577
Adjustment of income	**–112**	**18**	**–270**			**–364**
Tax	–843	32	77			–734
Change in surplus value	1,586	–123	196			1,659
Other (currency, etc.)	–631	73	–3			–561
Other information by business area						
Shares in income of associated companies, after tax	186	–150	–193			–157
Shares in equity of associated companies	32,506	1,149	1,394			35,049
Investments in tangible fixed assets	1	2		39		42
Non-cash expenses other than depreciation	–48	–94	–3	–118	–15	–278

NOTE 25 Earnings and dividend per share

Earnings per share

	2004	2003
Group		
Income for the year	7,375	–169
Weighted number of outstanding common shares, millions	767.2	767.2
Earnings per share before and after dilution, SEK	**9.61**	**–0.22**

Diluted earnings per share is calculated in the same manner as basic earnings per share since there are no potential common shares that could have a dilution effect.

The net asset value per share is stated on page 33. This key figure reflects the performance of Investor as an industrial holding company in a more relevant way than the above information.

Dividend per share
The dividend is proposed by the board and is approved by the Annual General Meeting in accordance with the regulations of the Swedish Companies Act. The proposed but not yet approved dividend for 2004 amounts to 1,726,143,818 SEK (SEK 2.25 per share). The amount has not been reported as a liability.

NOTE 26 Buildings and land

	12/31 2004	12/31 2003
Group		
Accumulated acquisition values		
Opening balance	1,176	1,290
Acquisitions	415	7
Sales and disposals	0	–120
Exchange rate differences	–	–1
	1,591	1,176
Accumulated depreciation according to plan		
Opening balance	–128	–137
Sales and disposals	–1	25
Depreciation according to plan for the year	–18	–16
Exchange rate differences	–	0
	–147	–128
Accumulated revaluation		
Opening balance	26	56
Sales and disposals	–	–30
	26	26
Accumulated write-downs		
Opening balance	0	–56
Sales and disposals	–	56
	0	0
Residual value at year-end according to plan	**1,470**	**1,074**
Tax assessment values, buildings	476	813
Tax assessment values, land	1,042	797

Of the planned residual value on the balance sheet date, SEK 618 m. (356) refers to the value of land. All remaining buildings and land holdings are situated in Sweden.

The year's depreciation according to plan of acquisition values amounts to SEK –18 m. (–16) and is reported in the income statement under "Costs of goods and services sold".

NOTE 27 Receivables from associated companies

	12/31 2004	12/31 2003
Group		
Accumulated acquisition values		
Opening balance	1,800	124
Additional receivables	2,232	1,678
Exchange rate differences	1	–2
Closing book value	**4,033**	**1,800**

The SEK 2,232 m. in additional receivables consists of a shareholders' loan to Hi3G that was made on normal market terms. The fair value is in agreement with the acquisition value.

NOTE 28 Deferred tax receivables and provisions for deferred tax

Deferred tax consists of the following assets and liabilities:

	12/31 2004	12/31 2003
Group		
Deferred tax receivables		
Provisions	1	1
Accrued expenses	6	6
Financial fixed assets	16	77
Tangible fixed assets	8	8
Deduction for deficit	0	4
Total deferred tax receivables	**31**	**96**
Provisions for deferred tax		
Tangible fixed assets	68	42
Tax allocation reserves	215	197
Total provisions for deferred tax	**283**	**239**
Receivable/liability, net	–252	–143

Unreported deferred tax receivables
Taxes related to deductible, temporary differences for which deferred tax receivables have not been reported in the income statement and balance sheet amounted to SEK 92 m. on December 31, 2004 (89). The amount refers to premiums paid for pension solutions for future pension payments.

Change in deferred tax in temporary differences and deductions for deficits

	Opening amount	Reported in income statement	Reported in shareholders' equity	Closing amount
Provisions	1	0		1
Accrued expenses	6	0		6
Financial fixed assets	77	–62		15
Tangible fixed assets	–34	–11	–15	–60
Tax allocation reserves	–197	–18		–215
Deduction for deficit	4	–4		0
Other	0	1		1
Total	**–143**	**–94**	**–15**	**–252**

NOTE 29 Other long-term receivables

	12/31 2004	12/31 2003
Group		
Accumulated acquisition values		
Opening balance	0	14
Additional receivables	1	5
Settled receivables	–	–19
Closing book value	**1**	**0**

NOTE 30 Inventories of shares and participations

	12/31 2004 Book value	12/31 2004 Fair value	12/31 2003 Book value	12/31 2003 Fair value
Group				
Shares	864	900	904	941
Options	5	4	29	30
Forward contracts	–	6	–	–
Total	**869**	**910**	**933**	**971**

NOTE 31 Short-term investments

Excess liquidity is to be invested for maximum return within the framework of given limits for credit, liquidity and interest rate risks. Liquid funds are invested in the short-term deposits market and in short-term interest-bearing securities with low risk and high liquidity. In order to minimize credit risks, there are given frameworks for exposure against counterparties (see also "Note 32 Risk exposure and risk management"). In order to secure liquid funds, investments are made in instruments with a well-functioning second-hand market, which allows the conversion of cash when needed. The interest rate fixing period is less than 12 months. There is no currency risk in the liquidity portfolio, since currency risks are eliminated through swap contracts when investments are made in foreign currency.

					TOTAL		
12/31 2004	< 3 mos.	3–6 mos.	7–9 mos.	10–12 mos.	Book value	Fair value	Nominal value
Short-term deposits market	883				883	883	883
Interest-bearing securities	9,155	1,389			10,544	10,545	10,581
Other short-term investments	100				100	101	100
Total short-term investments	**10,138**	**1,389**			**11,527**	**11,529**	**11,564**

NOTE 32 Risk exposure and risk management

Commercial risks

Investor's business activities expose the company to various types of risk. Maintaining long-term ownership in core holdings and a flow of investments and divestments in new investment activities involves commercial risks, such as having a high exposure to a certain industry or an individual holding, changed market conditions for finding attractive investment candidates, or barriers that arise and prevent exits from a holding at the chosen time. The factors that help minimize risks in Investor's activities are mainly:

- Investor has a diversified portfolio with a good balance between different industries and between companies in various development stages. Core holdings have international operations and are therefore exposed, only to a limited extent, to economic developments in a single country.
- Active board work provides good insight into the performance of companies and thereby the possibility to identify risks and find specific opportunities for growing value.
- Core holdings and some of the companies in the New Investments business are listed and therefore have high liquidity. This means that more than 80 percent of the value of holdings is listed. They could therefore be sold if needed, providing high financial flexibility for Investor.

Financial risks

The main financial risks that the Investor Group is exposed to are market risks, primarily risks associated with fluctuations in share prices, but also interest rate risks and foreign exchange rate risks. Other risks that arise in the company's operations include liquidity risks, financing risks, credit risks and operational risks. Activities to manage and monitor risks in the business are carried out through the Finance and Risk Committee, which is an adjunct committee to Investor AB's board (the committee is briefly described in the Administration Report).

The Risk Management and Compliance function is responsible for identifying and managing risks in financial activities, ensuring that policies and instructions are followed, continuously developing and improving risk measurement methodology and ensuring accurate reporting of specific types of risk.

The Treasury function manages interest rate risks and liquidity and financing risks associated with the administration of cash and borrowing operations.

Investor's risk policy is a framework for determining measurement methods and mandates for price risks in active portfolio management activities, cash management and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles for minimizing operational risks in the business.

Price risks

Price risks refer to the risk that the value of a financial instrument might change because of changes in share prices, exchange rates or interest rates.

On the assets side, most of the price risk exposure is in Investor's core holdings (share price risks).

Core Holdings

The core holdings are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through board representation and other ways, Investor influences a company's strategy and decisions. Thus, a large portion of price exposure in a core holding does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. Since the core holdings are listed in Swedish kronor, there is no direct currency risk that affects Investor's balance sheet, although Investor can be indirectly exposed to currency risks in holdings which are listed on foreign stock exchanges or have foreign currency as their pricing currency (or effective currency). In addition, there are indirect currency risks since most of Investor's core holdings have international operations. This risk also impacts the company's balance sheet and income statement, which has an indirect effect on the valuation of the shares.

New Investments

The New Investments business is also exposed to share price risks but also to foreign exchange rate risks in investments made in foreign companies. Investor also takes an active role in these companies through board work. The total exposure is managed by the board's committed capital framework for the operation (USD 3 bn.). There is no regular hedging of new investments in foreign currency, since the investment horizon is long-term and currency fluctuations are expected to equal out over time. Investor's policy is to hedge, by means of forward contracts, 100 percent of future cash flows in foreign currency that exceed the equivalent value of SEK 50 m.

The hedging policy is subject to continuous evaluation and deviations from the guideline may be allowed if it is judged to be beneficial in a market-economic perspective. At year-end 2004, there were no hedge contracts in foreign currency for new investments.

NOT 32 cont'd Risk exposure and risk management

The following table shows the total currency exposure for investments in foreign currency on December 31, 2004. A 1-percent weakening of the Swedish krona against both USD and EUR would reduce the value of the new investments portfolio by approximately SEK 63 m.

Total investments in foreign currency, SEK m.

	12/31 2004	12/31 2003
USD	3,935	4,857
EUR	2,406	4,163
Other European currencies (CHF, DKK, NOK)	300	282
Asia (HKD, JPY)	111	233
Total	**6,752**	**9,535**

The currency risk exposure arising because of net investments in independent foreign subsidiaries is shown in the following table (expressed in the investment currency):

	12/31 2004	12/31 2003
USD m.	578	519
EUR m.	410	358
CHF m.	12	21
HKD m.	33	23
GBP m.	3	3

Active portfolio management
Investor's active portfolio management business conducts short-term equity trading and deals in equity derivatives. The price risk in this activity is measured and monitored in terms of Value-at-Risk (VaR), a standard method for measuring and controlling price risks. VaR is a tool for measuring how a portfolio of financial assets can risk losing value over a given period of time. Investor's VaR model is based on a one-year rolling daily record of prices (not weighted), a five-day time horizon and a 99 percent confidence interval. Currency risks in the active portfolio management business are minimized through currency swap contracts on portfolio level.

Excess liquidity
For excess liquidity exposed to interest rate risks, the goal is to maximize return within established guidelines while limiting interest rate risks. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities with short maturity dates that are not longer than one year. Any currency risk in the liquidity portfolio resulting from investments in foreign currency is minimized through swap contracts. See also "Credit Risks" below.

The company's liabilities are exposed to interest rate and currency risks. Investor strives to manage interest rate risks by having an interest rate fixing period that provides the flexibility to change the loan portfolio in step with investment activity and minimize loan costs and volatility in the cash flow over time. The currency risk in loans in foreign currency is eliminated through currency swap contracts. Thus, there is no currency risk in the debt portfolio. See also "Note 18 Short-term and long-term loans".

Liquidity and financing risks
Liquidity risks refer to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

Liquidity risks are minimized in Treasury operations by keeping the maturity of short-term cash investments for less than one year, and by keeping the ratio between cash and credit commitments/current liabilities always higher than 1:1.

Financing risks are defined as the risk that financing cannot be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. In order to minimize financing risks, the Treasury function works actively to ensure financial preparedness by establishing loan and credit facilities for long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (see chart with information on maturity profile and capital amounts in debt portfolio in "Note 18 Short-term and long-term loans") and by diversifying sources of capital. Investor's liquidity and financing risks are considered to be low. With an equity/assets ratio of 74 percent at year-end, Investor has considerable financial flexibility since assets are very liquid.

Credit risks
Credit risks are the risk of a counterparty or issuer being unable to repay a liability to Investor.

Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments, mainly interest rate and currency swaps, but also a small portion of OTC options in active portfolio management activities.

According to Investor's credit risk policy, Investor may only be exposed to credit risks towards counterparties with high creditworthiness, based on Moody's and Standard & Poor's ratings, for a limited amount and for a limited duration. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are required in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements.

The following table shows the credit risk exposure in interest-bearing securities and derivatives, divided by rating category, on December 31, 2004:

Rating S&P/Moody's	Interest-bearing securities and deposits, SEK m.	Average remaining maturity, mos.	Derivative, SEK m.
AAA/Aaa	5,796	3	–
AA/Aa2	2,140	2	1
A/A2	3,528	1	10
Total	**11,464**		**11**

Operational risks
Operational risks are defined as the risk of loss due to inadequacies in the internal control process or system, or the risk of loss caused by external events.

The operational risk policy establishes principles to ensure correct handling of the financial transaction flow. This risk management process covers system and personnel-related issues, administrative processes, information security and legal matters. The process is followed up on an ongoing basis to determine and strengthen appropriate control measures.

Other risks
The Compliance function monitors commitments that must comply with external regulations and laws, contract-related commitments and internal company rules.

Work is actively carried out in the security area to protect Investor against internal and external threats. Investor's Security Committee evaluates security risks that can have short-term or long-term implications for Investor and also takes necessary measures to minimize their negative effects. For example, the Security Committee establishes effective procedures for IT and information security to prevent unauthorized access to Investor's information sources. The committee is also responsible for disaster and continuity planning.

SPECIFICATION OF NOTE 12, HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Subsidiary/Registration no./Registered office	No. of shares	Holding %[1]	Book value 12/31 2004	Book value 12/31 2003
Expibel Holding AB, 556548-6684, Stockholm	1,000	100.0	8,650	8,651
Investor Growth Capital Holding B.V., Netherlands	351	100.0		
Investor Asia Ltd, Hong Kong	999	100.0		
Investor Growth Capital Asia Ltd, Hong Kong	2	100.0		
Investor Investment FOI BV, Netherlands	2,000	100.0		
Investor Investment SHOEI BV, Netherlands	18,000	100.0		
Investor Growth Capital Ltd, Guernsey	6,335,002	100.0		
Investor Investment Northern Europe Ltd, Guernsey	450,765	100.0		
b-business partners B.V., Netherlands	6,156,000	78.25		
b-bp Europe AB, 556556-5248	1,000	78.25		
Investor Investments Asia Ltd, Guernsey	4,060	100.0		
IliL NDC Ventures Ltd, Malaysia	10	100.0		
imGO NDC Ventures Ltd, Malaysia	10	100.0		
imGO Green Army Investments Ltd, British Virgin Islands	10	100.0		
imGO IP Infusion Investments Ltd, British Virgin Islands	10	100.0		
imGO iSilk Investments Ltd, British Virgin Islands	10	100.0		
imGO Infotalk Investments Ltd, British Virgin Islands	10	100.0		
Investor Investment EpiValley Ltd, Malaysia	10	100.0		
Investor Investment MC Tech Ltd, Malaysia	10	100.0		
Investor Holding AB, 556554-1538, Stockholm	1,000	100.0		
Investor London Ltd, United Kingdom	200,300,000	100.0		
Investor Growth Capital, Inc., United States	1,000	100.0		
EQT Partners AB, 556233-7229, Stockholm	3,334	66.7		
EQT Partners A/S, Denmark	500	66.7		
EQT Partners OY, Finland	234	66.7		
EQT Partners Gmbh, Germany	1	66.7		
EQT Partners AS, Norway	500	66.7		
Northern Europe Private Equity AB, 556607-7607, Stockholm	1,000	66.7		
Investor Growth Capital AG, Switzerland	119,991	100.0	4,770	5,133
Investor Investments Novare Ltd, Guernsey	2,960	100.0		
Investor Investment EVP Ltd, Guernsey	10	100.0		
Investors Trading Company Ltd, Bermuda	12,000	100.0		
Investor (Guernsey) II Ltd, Guernsey	510	100.0		
Investor Investments Capital Partners Ltd, Guernsey	2,002	100.0		
Investor Capital Management Asia Ltd, Guernsey	20,124	100.0		
Investor Group G.P. Ltd, Guernsey	1,208	100.0		
Investor Group L.P., Guernsey		100.0		
IGC G.P. Ltd, Guernsey	1,010	100.0		
Investor Growth Capital Co-Investors 2002 (US), L.P., Guernsey		100.0		
IGC 2003 Co-Invest GP Ltd, Guernsey	5,310	100.0		
Investor Growth Capital Employee Co-Investors 2003 LP, Guernsey		100.0		
IGC 2004 Co-Invest GP Ltd, Guernsey	4,210	100.0		
Investor Growth Capital Employee Co-Investors 2004 LP, Guernsey		100.0		
Investor Group Asia G.P. Ltd, Guernsey	30,010	100.0		
Investor Group Asia, L.P., Guernsey		100.0		
Investor Investment HFPC IV Ltd, Guernsey	2,010	100.0		
Investor Investment HFCP V Ltd, Guernsey	1,510	100.0		
Investor Investment TWCP Ltd, Guernsey	1,010	100.0		
Investor Investment NCP Ltd, Guernsey	2,710	100.0		
Investor Investment August Capital Ltd, Guernsey	3,510	100.0		
Investor Investment Polaris Ltd, Guernsey	2,720	100.0		
Investor Investment Polaris IV Ltd, Guernsey	1,360	100.0		
Investor Investment MSDW Ltd, Guernsey	1,010	100.0		
Investor Investment PGI Ltd, Guernsey	110	100.0		
Investor Investment IdeaEdge Ltd, Guernsey	1,710	100.0		
Investor Investment MF XI Ltd, Guernsey	1,510	100.0		
Investor Investment AEA Ltd, Guernsey	1,010	100.0		
Investor Investment Menlo Ltd, Guernsey	1,510	100.0		
Investor Investment USVP Ltd, Guernsey	5,010	100.0		
Investor Investment HCV Ltd, Guernsey	1,010	100.0		
Investor Investment SHV Ltd, Guernsey	2,010	100.0		
Investor Investment SHV 2 Ltd, Guernsey	1,010	100.0		
Investor Investment USVP IX Ltd, Guernsey	10	100.0		
Duba AB, 556593-5508, Stockholm	1,000	100.0	400	721
Investors Trading AB, 556032-5945, Stockholm	1,500	100.0		
Förvaltnings AB Providentia, 556556-5263, Stockholm	1,000	100.0		
AB Investor Group Finance, 556371-9987, Stockholm	100,000	100.0	52	12
The Grand Group AB, 556302-9650, Stockholm	10,000	100.0	477	477
Berns Salonger & Co Svenska AB, 556125-9929, Stockholm	4,800	100.0		
Grand Marina i Saltsjöbaden AB, 556041-6579, Stockholm	10,000	100.0		
Blasieholmen 54 KB, 916616-1746, Stockholm	1	100.0		
Blasieholmen 27 AB, 556653-6602, Stockholm	1,000	100.0		
AB Nya Grand Hôtel, 556028-5941, Stockholm	25,000	100.0		
AB Berns Hotel, 556178-6285, Stockholm	1,000	100.0		
China Teatern AB, 556051-5313, Stockholm	1,000	100.0		
Royal Club Stockholm AB, 556462-0531, Stockholm	1,000	100.0		
AB Vectura, 556012-1575, Stockholm	50,000	100.0	389	389
Investor Growth Capital AB, 556120-7134, Stockholm	100,000	100.0		
Novare Human Capital AB, 556054-9486, Stockholm	80,000	100.0		
Novare Search AB, 556306-8211, Stockholm	1,000	100.0		
Novare Corporate Academy AB, 556633-8017, Stockholm	1,000	100.0		
Novare Rekrytering AB, 556646-9945, Stockholm	1,000	100.0		
AB Näckström, 556007-7009, Stockholm	50,000	100.0		
Stockholm-Saltsjön AB, 556001-7369, Stockholm	300,000	100.0		
Dormant companies			1	1
Book value in Parent Company			**14,739**	**15,384**

1) Ownership share of capital pertains to equity, which also corresponds to the share of voting rights for the total number of shares.

Proposed disposition of earnings

Unrestricted equity in the Group amounted to SEK 27,653 m. on December 31, 2004. No provisions to restricted equity are required.

The Board of Directors and the President propose that the following unappropriated earnings in Investor AB be at the disposal of the Annual General Meeting:

		be allocated as follows:	
Retained earnings	31,637,932,742	Dividend to shareholders, SEK 2.25 per share	1,726,143,818
Net profit for the year	5,854,253,718	Funds to be carried forward	35,766,042,642
Total SEK	37,492,186,460	Total SEK	37,492,186,460

Stockholm, February 18, 2005

Claes Dahlbäck
Chairman

Jacob Wallenberg
Vice Chairman

Ulla Litzén

Sune Carlsson

Håkan Mogren

O. Griffith Sexton

Anders Scharp

Peter D. Sutherland

Sirkka Hämäläinen

Björn Svedberg

Marcus Wallenberg
President and Chief Executive Officer

Our Audit Report was submitted on February 21, 2005

KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

Ernst & Young AB

Jan Birgerson
Authorized Public Accountant

The Annual Report is subject to the approval of the Annual General Meeting on April 11, 2005.

Audit report

To the Annual General Meeting of Investor AB
Corporate identity number 556013-8298

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Investor AB for the year 2004. These accounts and the administration of the company are the responsibility of the Board of Directors and the President, who are also responsible for ensuring that the Annual Accounts Act is applied in the preparation of the annual accounts and the consolidated financial statements. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated financial statements, and evaluating the overall presentation of information in the annual accounts and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 21, 2005

KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

Ernst & Young AB

Jan Birgerson
Authorized Public Accountant

A History of Developing Companies

Investor AB was established in 1916. During the period 1916-1972, Investor was part of a group of finance and holding companies associated with Stockholms Enskilda Bank which formed the link between the bank and a number of major industrial companies. This gave the bank an influence over these companies, their financing, liquidity management and other financial decisions.

From having been closely tied to the bank, Investor developed into a company with independent operations. This became particularly clear after the merger between Stockholms Enskilda Bank and Skandinaviska Banken at the beginning of the 1970s. At owner level, Investor became the center of a well-developed network of people and companies for value-creating communication and the exchange of knowledge and experience, both nationally and internationally.

In the 1980s, Investor's operations were characterized primarily by its involvement in a number of major structural transactions. At the same time, Investor's strategic portfolio of shareholdings was concentrated to a limited number of companies. Structural deals continued to increase in number and scope among Investor's core holdings throughout the 1990s. At the same time, Investor broadened the scope of its operations through a renewed focus on the supply of venture capital and the development of young companies.

The 2000s began with historically low stock exchanges and a weak economy, which created major challenges for many companies. However, during the past two years, markets and the economy have recovered strongly.

"To move from the old, to what is about to come,
is the only tradition worth keeping." – Marcus Wallenberg, 1946

1916 Investor is established when new legislation makes it considerably more difficult for banks to own stocks in industrial companies on a long-term basis. The bank's shareholdings are then transferred to the industrial holding company Investor. Several of Investor's core holdings have been in the portfolio in some form since the start, such as Atlas Copco and Scania.

1946 Stockholms Enskilda Bank forms the investment company Providentia. Jacob Wallenberg (1892–1980) is elected chairman of Investor.

1971–72 Stockholms Enskilda Bank and Skandinaviska Banken merge. The investment company Export-Invest is established in connection with the merger, and Investor acquires a more independent role, separate from the bank.

1978 Marcus Wallenberg (1899–1982) is elected chairman of Investor. Claes Dahlbäck is appointed President and CEO.

1982 Peter Wallenberg is elected chairman of Investor.

1984–91 Major structural deals among the core holdings, including the sale of Kema Nobel and the following mergers: STORA/Billerud, STORA/Papyrus, STORA/Swedish Match, ASEA/Brown Boveri, STORA/Feldmühle Nobel and Tetra Pak/Alfa Laval. Saab-Scania and GM form the jointly owned company Saab Automobile, and OM Gruppen is formed.

1991 Investor and Providentia make an offer for the outstanding shares in Saab-Scania. Through the acquisition of Saab-Scania, Investor becomes a diversified industrial holding company. The industrial conglomerate Incentive is listed on the Stockholm Stock Exchange following its demerger from ASEA/ABB.

1992 Investor and Providentia merge.

1994 Investor acquires Export-Invest. EQT is formed together with SEB and AEA.

1995 Saab-Scania is divided into two independent companies, Scania AB and Saab AB. The intention is to broaden ownership in the two companies when the time is right. Novare Kapital is formed.

1996 Investor sells 55 percent of its holding in Scania and the company is listed on the Stockholm and New York stock exchanges. In connection with a refinancing of Saab Automobile, an option agreement is reached between Investor and GM to regulate long-term ownership in the company.

1997 Investor's holding in TV4 is sold to the Finnish newspaper group Aamulehti. Investor participates in the merger between OM Gruppen and the Stockholm Stock Exchange and in the formation of the new SEB group through the merger between S-E-Banken and Trygg-Hansa. Percy Barnevik is elected Investor's chairman.

1998 British Aerospace becomes part-owner of Saab AB, which is then listed, and Stora Enso is formed through a merger between STORA and Enso. A merger is proposed between Astra and Zeneca.

1999 Investor reaches an agreement with Volvo to sell its entire holding in Scania, but the EU's competition authority does not approve the deal. The merger between Astra and Zeneca is completed and Saab AB makes a bid for Celsius. Marcus Wallenberg is appointed President and CEO of Investor.

2000 Investor sells shares in Scania to Volkswagen AG and makes a commitment to remain an owner through March 2002. Investor's new investments include b-business partners and imGO. Hi3G, co-owned with Hutchison Whampoa, is another new major initiative. The company is granted one of four UMTS licenses in Sweden in 2000.

2001 Investor increases its ownership in Ericsson and SEB and sells its holdings in Stora Enso, SKF and SAS. GM purchases Investor's outstanding convertible debenture loan to Saab Automobile.

2002 Investor increases its ownership in ABB, Electrolux, Ericsson, SEB and WM-data and sells its entire holding in Syngenta. Investor participates in Ericsson's new rights issue. Claes Dahlbäck becomes new chairman of Investor.

2003 Investor subscribes for its pro-rata share of ABB's new rights issue and sells its entire holding in Volvo. Tessera Technologies is listed on the Nasdaq exchange.

2004 Investor sells part of its holding in AstraZeneca and strengthens its position in Scania. 3 establishes itself as the leading 3G operator in Scandinavia with 350,000 subscribers.



Ten-Year Summary

Investor Group[1]

SEK m.	1995	1996	1997	1998	1999	2000[2]	2001	2002	2003	2004	
Dividends received, Core Holdings	656	1,804	1,683	1,841	2,184	2,090	2,351	1,741	1,665	1,574	
Yield, Core Holdings, %	1.7	2.6[3]	1.8[3]	1.8[3]	1.3[3]	1.6	2.1	2.8	1.9	1.8	
Dividends paid	1,713[4]	1,908	1,909[4]	2,100	2,596[4]	4,218[4]	4,219[4]	2,608[4]	1,726	1,726[5]	
Sales, Core Holdings	0	18,800[6]	4,141[6]	4,070[6]	11,292[6]	13,838	13,556	2,995	1,891	7,733	
Change in value, Core Holdings, %	–	12,400[6]	3,197[6]	2,743[6]	7,532[6]	10,202	7,008	2,530	468	6,432	
Turnover, %	0	0[7]	5	1[7]	4[7]	7	9	4	2	9	
Purchases and new subscriptions, Core Holdings	1,429	9,739[8]	11,593	6,209[8]	10,251[9]	1,304	15,095	4,749	1,962	1,509	
Result after net financial items	4,660	9,598	–942	3,711	11,075	13,478	8,646	1,925	1,003	8,332	
Market value, Core Holdings	37,817	61,325	80,880	88,923	150,060[9]	130,844	110,518	63,304	85,841	87,643	
Change in value, Core Holdings, %	20	38[7]	19	1[7]	60[7, 9]	–5	–17	–44	35	10	
Total return, Core Holdings, %	21	42[7]	21	7[7]	62[7, 9]	–3	–15	–42	38	12	
SIXRX (return index), %	21	43	28	13	70	–11	–15	–36	34	21	
OMXS30 index, %[14]	19	39	28	17	71	–12	–20	–42	29	17	
Surplus value, Core Holdings	18,372	40,415	46,135	43,413	98,809[9]	79,969	54,210	7,560	31,144	33,530	
Net asset value	51,225[10]	78,880	88,409	93,502	153,259	144,433	118,284	62,869	83,063	89,966	
Equity/assets ratio, %	55[10]	73	68[10]	84	87	87	85	72	71	74	
Condensed balance sheet, incl. surplus values											
Cash and short-term investments	5,863	15,017	10,991	138	1,020	5,723	3,371	5,361	9,803	12,125	
Other assets, incl. surplus values	87,263	92,710	118,117	111,250	174,856	159,375	135,095	82,475	107,589	109,910	
Shareholders' equity, incl. surplus values	44,457	77,517	87,049	92,113	151,912	144,303	118,284	62,869	83,063	89,966	
Convertible debenture loans	6,768	1,363	1,360	1,389	1,347	130					
Interest-bearing liabilities	15,226	2,532	4,525	15,779	19,745	15,662	14,257	21,525	30,110	27 450	Annual average growth 5/10 years, %
Other liabilities, incl. minority interest	26,675	26,315	36,174	2,107	2,872	5,003	5,925	3,442	4,215	4,619	
Total assets, incl. surplus values	93,126	107,727	129,108	111,388	175,876	165,098	138,466	87,836	117,392	122,035	
Number of shares, millions[11, 12]	797.6	800.0	800.0	800.8	800.8	767.2	767.2	767.2	767.2	767.2	
Equity per share, SEK[11, 12]	33	44	48	48	59	79	80	69	64	71	
Net asset value per share, SEK[11, 12]	64	99	111	117	191	188	154	82	108	117	–9/8
Growth in net asset value, %	18	54	12	6	64	–3	–18	–47	32	8	
Share price on December 31, SEK[11, 13]	54.75	75.25	96.75	91.50	120.00	141.00	114.50	52.00	69.50	84.50	–7/6
Discount to net asset value, %	15	24	12	22	37	25	26	37	36	28	
Dividend per share, SEK[11]	2.25[4]	2.50	2.50[4]	2.75	3.40[4]	5.50[4]	5.50[4]	3.40[4]	2.25	2.25[5]	–8/1
Yield, %	4.1	3.3	2.6	3.0	2.8[4]	3.9	4.8	6.5	3.2	2.7	
Dividend payout ratio, %	261	106	113	114	119[4]	201	179	150	104	110	
Total return, Investor shares, %	23	60	32	–1	35	20	–15	–52	43	25	–3/12

See page 92 for definitions.

1) Including Saab-Scania AB 1994–1995 and Saab AB 1996–1997. 1994–2002: Surplus value of Core Holdings and equity per share have been recalculated in accordance with the equity method.
2) Investor's own holding of convertible debenture loans was retired in 2001. In net asset value calculations, comparative figures for 2000 have been adjusted to take this into account.
3) Excluding dividend received for Scania shares covered by warrants.
4) 1995: An extra dividend of SEK 5.00/share, or a total of SEK 3,808 m., as well as one warrant for shares in Scania AB valued at SEK 2.00/share.
   1997: One purchase right for shares in Saab AB valued at SEK 2.50/share was issued in addition to the ordinary dividend.
   1999: A definitive dividend of SEK 3.40/share, of which SEK 0.40 was an extra dividend.
   2000: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
   2001: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
   2002: A definitive dividend of SEK 3.40/share, of which SEK 1.15 was an extra dividend.
5) Proposed dividend of SEK 2.25/share.
6) 1996: Pertains to the sale of 55 percent of Scania.
   1997: Additional amount of SEK 80 m. relating to the sale of Scania.
   1998: Including the sale of 35.1 percent of Saab AB.
   1999: Including the sale of Scania shares through the exercise of issued warrants.
7) 1996: Excluding Scania.
   1998: Excluding Saab AB.
   1999: Excluding Scania shares covered by warrants.
8) 1996: Of which SEK 9,342 m. pertains to the 51.9 million Scania shares added to the Core Holdings.
   1998: Of which SEK 627 m. pertains to the 21.6 million Saab shares added to the Core Holdings.
9) According to a decision in 2000, the holding in Volvo for 1999 was reclassified as "Other Holdings".
10) In the 1996 Annual Report, the net asset value and equity/assets ratio for 1997 were recomputed on a pro forma basis. In the 1998 Annual Report, the equity/assets ratio for 1997 was recomputed on a pro forma basis.
11) 1994–1998 adjusted for issues and splits.
12) 1994–1999 after full conversion.
13) Pertains to unrestricted class B shares.
14) Former OMX index.

Definitions

Change in net asset value
Net asset value per share at year-end as a percentage of net asset value at the beginning of the year.

Change in value, Core Holdings
Change in market value (adjusted for net changes) as a percentage of opening market value (adjusted for net changes).

Correlation
A way of quantifying the degree of covariance between two assets.

Discount to net asset value
The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium. Also called the investment company discount.

Dividend payout ratio
Dividends paid in relation to dividends received from the Core Holdings.

Equity/assets ratio
Shareholders' equity, including surplus values and convertible debenture loans, as a percentage of total assets including surplus values.

Industrial holding company
A company whose task is basically to offer shareholders the possibility to spread their risks, through well-distributed holdings of securities, and whose shares are owned to a large extent by a large number of natural persons.

Market cost of capital
Defined as the risk-free interest rate plus the market's risk premium.

Mezzanine financing
Intermediate stage of financing combining the characteristics of debt and equity financing.

Net asset value
The market value of total assets less the market value of liabilities. Alternatively, shareholders' equity and surplus values.

Net asset value per share
Net asset value per share calculated on the total number of outstanding shares.

Net cash/Net debt
Interest-bearing current and long-term liabilities, including pension liabilities, less liquid placements and interest-bearing current and long-term receivables.

Net income for the year
Income after tax.

Private placement
Unlisted offer made directly to a selected group of investors.

Risk-free interest rate
The interest earned on an investment in government bonds. In the calculation, Investor has used SSVX 90 days.

Risk premium
The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

Sharpe ratio
A way of adjusting the return of an asset based on the risk that the asset carries. The Sharpe ratio is measured as the surplus yield above the risk-free interest rate, divided by the volatility of the asset.

SIX's Total Return Index, SIXRX
A stock index for the Stockholm Stock Exchange (Stockholmsbörsen) calculated on share price change and reinvested dividends.

Surplus value, Core Holdings
Difference between the market and book values of the Core Holdings.

Total return
Sum of share price changes and, when applicable, reinvested dividends.

Total return, Core Holdings
Change in market value (adjusted for net changes) plus dividends received as a percentage of opening market value (adjusted for net changes).

Turnover, Core Holdings
Percentage of shares at the beginning of the year that did not remain at year-end, calculated at market value at the beginning of the year.

Turnover rate
Number of shares traded during the year as a percentage of the total number of shares outstanding.

Value at risk (VaR)
The largest loss that a position or a portfolio of positions can incur during a given period of time and with a predetermined probability.

Volatility
A measure of the variability in an asset's return. Volatility is usually measured as a standard deviation in the return of an asset during a certain given period of time.

Yield
Dividends paid or received as a percentage of the share price at year-end.

Yield, Core Holdings
Dividends received from Core Holdings as a percentage of the market value at year-end.

Shareholder information

Annual General Meeting

The Annual General Meeting will be held at 3.00 p.m. on Monday, April 11, 2005 at Cirkus, Djurgårdsslätten 43–45, in Stockholm.

PARTICIPATION

To be entitled to participate in the business of the Meeting, shareholders

must be recorded in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center) on Friday, April 1, 2005, and

must notify the Company of their intention to attend the meeting no later than 1.00 p.m. on Wednesday, April 5, 2005.

NOTIFICATION OF PARTICIPATION IN THE ANNUAL GENERAL MEETING

Notification can be given by writing to Investor AB, Annual General Meeting, SE-103 32 Stockholm, Sweden, by phoning +46 8 611 29 10, or via Investor AB's website www.investorab.com

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must, in order to be entitled to participate in the Meeting, request that their shares be temporarily re-registered in their own names in the register of shareholders maintained by VPC AB. Such registration must be effected on Friday, April 1, 2005. Shareholders are requested to inform their nominees in good time prior to this date.

SHAREHOLDERS FORUM

A Shareholders Forum will also be held in conjunction with this year's Annual General Meeting, where there will be opportunities to meet representatives from Investor, including members of Investor's Management Group.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of SEK 2.25 for fiscal 2004. April 14, 2005 has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by VPC AB on April 19, 2005.

Reporting dates in 2005

Annual General Meeting	April 11
Interim Report, January-March	April 11
Interim Report, January-June	July 12
Interim Report, January-September	October 12

Information channels

Financial information about Investor and Investor's holdings can be accessed and ordered on Investor's website www.investorab.com

Distribution policy

Printed annual reports, interim reports and invitations to the Annual General Meeting are distributed to shareholders in Sweden. All new shareholders in Sweden, when they receive their first financial report, are asked if they would like to continue to receive a printed copy of future interim reports and annual reports, and invitations to the AGM. All shareholders outside Sweden receive copies of all financial reports published by Investor AB.

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Analyses of Investor

Firms that publish analyses of Investor include ABG Sundal Collier, Alfred Berg ABN Amro, Carnegie, Cazenove, Cheuvreux Nordic, Danske Equities, Enskilda Securities, Evli Bank, Hagströmer & Qviberg, Handelsbanken Securities, Kaupting Bank Sverige AB, Nordea Securities, Swedbank Markets, UBS Warburg and Öhman Equities.

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