INVESTOR AB

INTERIM REPORT

JANUARY - JUNE 1998

- Investor's total return during the 12-month period ended June 30, 1998, amounted to 20 percent.

- A broadening of ownership has been carried out in the former wholly owned subsidiary Saab AB. Investor now owns shares corresponding to 20.3 percent of the share capital and 36.1 percent of the voting rights in the company. The shares in Saab AB were listed on the Stockholm Stock Exchange on June 18, 1998.

- Among Investor's main holdings, shares were acquired for a net amount of SEK 659 m. during the period.

- On June 30, 1998, the value of Investor's main holdings was SEK 99,471 m. The corresponding value was SEK 91.101 m. on August 7. The value of the main holdings appreciated by 20 percent in the six-month period ended June 30, 1998.

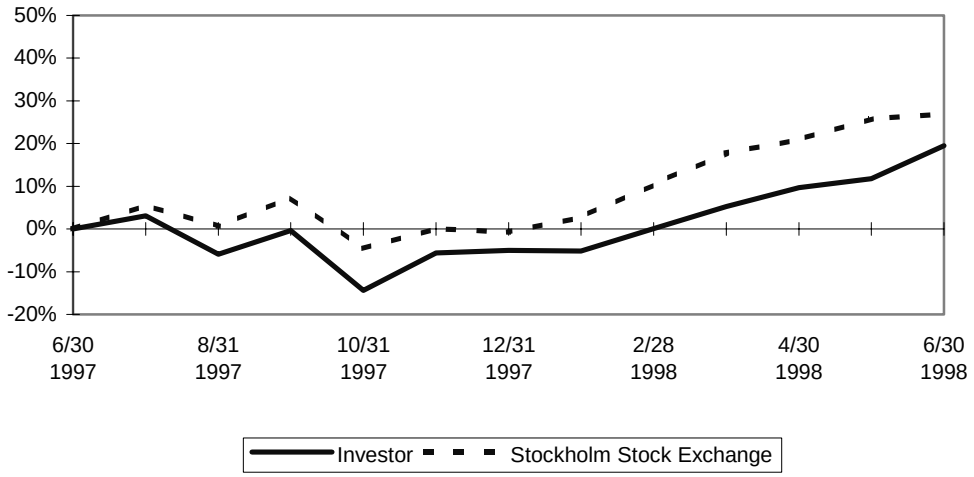
- Investor's net asset value on June 30, 1998, was SEK 110,353 m. or SEK 551 per share. On August 7, 1998, net asset value amounted to SEK 101.983 m. or SEK 509 per share.

The interim report can also be accessed on the Internet at www.investor.se

INTERIM REPORT

JANUARY - JUNE 1998

TOTAL RETURN



During the 12-month period ended June 30, 1998, Investor's total return, including distribution of purchase rights in Saab AB, amounted to 20 percent, compared with a return of 27 percent for the Stockholm Stock Exchange[1)]. Investor's net asset value[2)] amounted to SEK 110,353 m., an increase of 25 percent since year-end 1997. This corresponds to SEK 551 per share after full conversion. On August 7, 1998, net asset value amounted to SEK 101.983 m. or SEK 509 per share.

[1)] Source: SIX AB. Total return is the sum of share price appreciation and dividends.
[2)] Saab Automobile is reported at book value of the subordinated loan at the end of the period.

INVESTOR'S MAIN HOLDINGS

During the period January to June 1998, shares in OM Gruppen were divested for an amount of SEK 103 m. and shares in Electrolux were acquired for a net amount of SEK 762 m.

In addition, a broadening of ownership in the former wholly owned subsidiary Saab AB was carried out. In April, Investor concluded an agreement with British Aerospace plc on the sale for SEK 3,500 m. of shares corresponding to 35.1 percent of the share capital and 35.0 percent of the voting rights in Saab AB. All appropriate authorities have now given their approval to this sale, which among other things means that Saab AB has received a renewed permit from the Swedish Government to manufacture military equipment. The new permit also means that foreign ownership in Saab AB may amount to a maximum of 60 percent of the voting rights in the company compared with the earlier 50 percent. The transaction has also been approved by the European Commission.

In May, Investor shareholders were offered the opportunity to acquire, through the exercise of purchase rights, 44.8 percent of the share capital and 29.0 percent of the voting rights in Saab AB. At the end of the application period, this offering had been accepted to 99.5 percent, which resulted in a total of 47.5 million shares in Saab AB

being sold within the framework of the offering. At the end of the period, Investor owned shares corresponding to 20.3 percent of the capital and 36.1 percent of the voting rights in Saab AB. The shares in Saab AB were listed on the O-list of the Stockholm Stock Exchange on June 18, 1998. Following the stock exchange listing and broadening of ownership, Saab AB has been demerged and is reported through June 1998 at market value together with other main holdings. Comparative figures from the previous year have been adjusted in the income statement and balance sheet taking the demerger into account.

In total, this transaction provided Investor with SEK 3,500 m. in payment from British Aerospace and payment of SEK 2,137 m. as a result of the offering regarding the sale of shares in Saab AB, directed to Investor shareholders. The broadening of ownership also had a positive impact on shareholders' equity in Investor AB of SEK 2,873 m., of which SEK 2,115 m. is reported in the income statement as a capital gain, attributable to the sale of shares to British Aerospace, and SEK 758 m. in shareholders' equity. The amount reported in shareholders' equity corresponds to the difference between the payment received and the book value of the shares in Saab AB that were sold to Investor shareholders. The change in shareholders' equity is specified on page 11 of this report.

Market value, main holdings

SEK m.	1998 8/7	1998 6/30	1997 12/31
Market value, main holdings	91.101	99,471[1)]	83,971[2)]

[1)] Including 20.3 percent of the shares in Saab AB at market value.

[2)] Including 100.0 percent of the shares in Saab AB at book value.

The value of the main holdings, adjusted for net changes, rose by 20 percent during the period, excluding Saab. The OMX index rose by 29 percent in the same period. The main reason for the deviation in relation to the index was that some of Investor's main holdings performed less favorably than the stock exchange average.

Dividend income from Investor's main holdings amounted to SEK 1,841 m. during the period.

Investor's main holdings (as of June 30, 1998)

Company	Number of shares (000)	Of which on loan (000)	Market value SEK m.	Share price[3] performance 1998, %	Share of portfolio %	Share of[4] capital %	Share of[4] voting rights, %
Astra	166,765	375	27,173	+19	27	10	12
Ericsson	58,649	3,140	14,034	+56	14	3	22
Scania[1]	52,994	294	10,277	+8	10	27	42
Gambro	67,588	195	9,800	+2	10	20	26
ABB	62,119	194	7,019	+20	7	7	9
STORA	52,729	1,082	6,617	+26	7	16	20
S-E-Banken	48,471	300	6,616	+36	6	8	9
Atlas Copco	25,950	96	5,644	-8	6	14	20
WM-data	10,061	515	2,787	+93	3	14	6
SKF	14,955	43	2,116	-14	2	13	30
SAS	13,156	31	1,881	+24	2	19	19
OM Gruppen[2]	13,067	30	1,863	+72	2	16	16
Electrolux	13,347	160	1,829	+24	2	4	21
Saab	21,612		1,815	-	2	20	36
Total			**99,471**		**100**		

[1] Relates to the 52,994,181 shares not encumbered by distributed covered warrants.
[2] Of which 4,200,000 shares valued at market value less theoretical market value of call options issued.
[3] Most heavily traded class of share.
[4] After full dilution.

NEW INVESTMENTS AND OTHER HOLDINGS

Investor actively seeks new growth-oriented investments which complement current holdings and which have the potential to ultimately be included among Investor's main holdings. Investments during the period included an increase in the holding in the American biotech company MedImmune. At the same time, the entire holding in the Finnish IT company TT-Tieto was sold for SEK 746 m., providing a capital gain of SEK 612 m. In addition, Investor and AEA Investors Inc. started another two private equity funds via EQT Partners AB. The total value of new investments and other holdings at the end of the period was SEK 7,618 m., excluding holdings of Investor's own convertible debentures.

SAAB AUTOMOBILE

Saab Automobile, which is owned to 50 percent by Investor and 50 percent by General Motors, reports a pretax loss for the first half of 1998 of SEK 978 m. (-600) on sales amounting to SEK 12,969 m. (10,975). This result is in line with the company's business plan, apart from a one-week loss of production due to a dispute in the Danish labor market. The company's management expects positive operating income in the second half, although a loss is anticipated for the full year 1998. The company is experiencing favorable demand for both its recently launched models, the Saab 9-3 and Saab 9-5. The company plans to launch a Saab 9-5 station wagon model in autumn 1998.

(Saab Automobile's interim report was published on August 7, 1998, and may be ordered by phone +46 520 84 190 or by fax +46 520 783 90)

CONSOLIDATED INCOME AND NET DEBT

Investor's pretax income, excluding unrealized value appreciation, amounted to SEK 4,255 m. (1,510). Net income amounted to SEK 4,102 m. (1,471). Comparative figures have been adjusted to take the demerger of Saab AB into account.

At the end of the period, the Group had a net debt of SEK 10,899 m. compared with SEK 8,011 m. at year-end 1997. Net debt at the end of the period had decreased by SEK 4,000 m. compared with the end of the first quarter of 1998. The main reason for this difference is effects attributable to the broadening of ownership in Saab AB. Net debt reported at the end of the period includes a debt to Saab AB of SEK 6,575 m. which will be repaid in installments during the remainder of 1998.

STRUCTURE OF SHARE CAPITAL AND CONVERTIBLES

On June 30, 1998, Investor's share capital amounted to SEK 4,772 m., represented by 191 million shares. On the same date, the nominal amount of Investor's convertible debenture loans totaled SEK 1,322 m. Of this amount, SEK 1,029 m pertained to the loan denominated in Swedish kronor and SEK 293 m. to the loan denominated in ECU. On June 30, 1998, Investor's own holding in the loan denominated in Swedish kronor amounted to SEK 899 m. and SEK 293 m. in the loan denominated in ECU. In total, this corresponds to 90 percent of the volume of convertible loans outstanding. The offering to Investor shareholders to acquire shares in Saab AB through the exercise of purchase rights resulted in a recalculation of the conversion price from the previous SEK 145.30 to SEK 141.90.

Before conversion	Number of	Number of	% of	
Class of share	shares	voting rights	capital	voting rights
A 1 vote	77,922,711	77,922,711	40.8	87.3
B 1/10 vote	112,953,685	11,295,369	59.2	12.7
Total	190,876,396	89,218,080	100.0	100.0
Convertible debenture loans,[1)]				
B 1/10 vote	9,319,361	931,936		
After conversion				
A 1 vote	77,922,711	77,922,711	38.9	86.4
B 1/10 vote	122,273,046	12,227,305	61.1	13.6
Total	200,195,757	90,150,016	100.0	100.0

1) The nominal value of the loans are SEK 1,322 m. and the debentures carry 8.00% interest until June 21, 2001.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with Investor's former accounting principles. Under Sweden's new Annual Accounts Act, which became effective in 1997, certain of Investor's main holdings must be reported as associated companies according to the equity method. These revised consolidated accounts will be prepared and made available as soon as the necessary documentation regarding the holdings concerned has been received, not later than August 31, 1998. The complete statutory interim report will be submitted to the Swedish Patent and Registration Office.

Stockholm, August 11, 1998

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This interim report has not been subject to specific review by the Company's auditors.

PRESIDENT'S COMMENTS

Major changes in companies and boards in a very active first half

Internationally, the year started out with strongly rising share prices. Unease persisted in the Asian markets and was further intensified by the crisis in Japan. In mid-June, the Japanese yen reached a bottom price against the U.S. dollar.

In the West, domestic economies continued to grow at a steady pace. Export figures, however, are heading in the opposite direction, probably due to the Asian crisis. Uncertainty has increased and the extent of the impact of the Asian crisis on growth in Europe and the U.S. is unclear.

The interest rate trend remained positive with long-term interest rates continuing to fall both in Sweden and internationally. This development reflects favorable prospects for continued low inflation. At the producer level there is even a tendency towards deflation.

The first half of 1998 was a very active period for Investor AB with considerable activity and changes within the portfolio as well as extensive structural transactions within the main holdings. Optimal use was made of Investor's internal organization with its in-house analysis and Corporate Finance operations. It is extremely valuable for an industrial holding company to have its own qualified expertise within these areas. This provides greater security when decisions are made and ensures effective use of external resources.

Our former wholly owned subsidiary Saab AB was listed on the Stockholm Stock Exchange on June 18. This marked the completion of the broadening of ownership authorized by the Annual General Meeting. Investor shareholders were able, on advantageous terms, to acquire 45 percent of the share capital and 29 percent of the voting rights in Saab AB through the exercise of purchase rights. In April, British Aerospace plc concluded an agreement with Investor to acquire 35 percent of the share capital and 35 percent of the voting rights in Saab AB. This agreement has now been approved by all the appropriate authorities. As a result of the changes in Saab AB, Investor now owns 20 percent of the share capital and 36 percent of the voting rights in the company.

It is still too early to issue a final verdict on the Saab-Scania investment, since the ownership structure in Saab Automobile may change over the next few years. But there is no doubt that this was good business for Investor.

During the period, Incentive AB was restructured into a strictly medical technology company and the company changed its name to Gambro AB with effect from July 1. In conjunction with this, Investor acquired an additional 5 million class A shares in Electrolux AB.

The structural deal that received the greatest attention during the spring was the agreement to merge STORA and ENSO, forming the largest producer of paper and board in the world.

Astra's agreement with Merck regarding the U.S. market also attracted considerable attention. For Astra, this agreement represents an important step for the future.

Another transaction in which Investor was very much involved was Schibsted's acquisition of Svenska Dagbladet. This attracted enormous interest in the media although the sums involved were by no means large. The most important thing for Investor was to find a long term and stable solution so that the newspaper can continue as an editorially independent Swedish daily.

During the past twelve months, Investor's stock has lagged behind somewhat compared with the trend on the Stockholm Stock Exchange as a whole. The main reason for this was that the performance of some of our main holdings, was weaker than the stock exchange as a whole.

Although we naturally monitor all figures closely, it is neither meaningful nor fair to make comparisons over such short periods. What is most important for an industrial holding company such as Investor is long-term development. Our key task is to make sure that over time our shareholders receive a total return that exceeds the stock exchange average. Since we are active owners, and through the boards of our main holdings take responsibility and influence development, all comparisons must be made over longer periods. One example of our perseverance being profitable for shareholders in the long term is the Saab-Scania investment, which I touched on at the beginning.

Investor has made active efforts to make the work of the boards of its main holdings even more effective. This has included our participation in the recruitment of a number of international board members. Accordingly, twelve highly qualified board members, from countries including the U.S., Germany, the Netherlands, and Japan, were elected to the boards at the annual general meetings this spring.

While we devote a lot of time to our main holdings, we also work intensively to find new investments. In the spring we made a decision to allow a maximum of 15 percent of our assets to be placed in new investments compared with the earlier 10 percent. At the same time, we have strengthened our organization for new investments, among other things with additional international expertise both at our offices abroad and in our management group.

Following on the success of EQT Scandinavia, we launched two new private equity funds in the second quarter. The new funds are EQT Scandinavia II, where our aim is to reach an amount of approximately five billion kronor, and EQT Denmark, which is expected to reach approximately one billion kronor.

In order to attract new investors to Investor, and to our private equity funds, it is important to be visible. The Investor sailboat won the Round Gotland race again this year as well as a number of other regattas during the spring and early summer. I have a strong feeling that we still have the wind in our sails.

Claes Dahlbäck

INVESTOR GROUP
NET ASSET VALUE

	6/30 1998		12/31 1997	
	SEK/share	**SEK m.**	**SEK/share**	**SEK m.**
Astra	136	27 173	115	22 920
Ericsson	70	14 034	45	9 048
Scania	51	10 277	47	9 418
Gambro	49	9 800	48	9 665
ABB	35	7 019	29	5 839
STORA	33	6 617	26	5 273
S-E-Banken	33	6 616	24	4 871
Atlas Copco	28	5 644	31	6 150
WM-data	14	2 787	7	1 444
SKF	11	2 116	12	2 378
SAS	9	1 881	8	1 513
OM Gruppen [1)]	9	1 863	7	1 386
Electrolux	9	1 829	5	975
Saab [2)]	9	1 815	16	3 091
New investments and other holdings [3)]	57	11 319	44	8 760
Total	**553**	**110 790**	**464**	**92 731**
Saab Automobile 50% [4)]	14	2 890	15	2 890
GHH Grand Hôtel Holdings	6	1 180	4	850
Land and real estate	2	480	2	480
Other assets and liabilities	-1	-149	1	260
Total investments	**575**	**115 191**	**486**	**97 211**
Net debt/net cash excluding Saab	-39	-7 824	6	1 093
Receivable BAe [5)]	17	3 500		
Debt ABB purchase [6)]			-32	-6 368
Scania shares restricted by warrants [7)]	30	6 061	28	5 577
Loan Saab [8)]	-33	-6 575	-46	-9 104
Total net asset value	**551**	**110 353**	**442**	**88 409**

1) Of which 4,200,000 shares valued at market value less theoretical market value of call options issued.

2) As of June 30, 1998 Investor's 20.3% holding in Saab has been valued at market value.
The previous year pertains to 100% of Saab at a value corresponding to book value of the sharesholders' equity in the company.

3) Including Investor's holding of its own convertibles, market value SEK 3,691 m. (nom. value SEK 1,192 m.) as of June 30, 1998.

4) Subordinated loan.

5) Receivable BAe referring to sales price of sold Saab shares was paid on July 9, 1998.

6) Debt according to agreement with Incentive, repaid in January 1998.

7) As of June 30, 1998, 38,059,276 shares are valued at market value less market value of distributed covered warrants.

8) Loan from Saab will be settled during 1998.

INVESTOR GROUP
CONSOLIDATED INCOME STATEMENT

SEK m.	1998 1/1-6/30	1997 1/1-6/30	1997 1/1-12/31 [1]
Net revenue			
Dividend income, main holdings	1 841	1 683	1 683
Sale of other securities, etc.	10 063	5 995	11 625
Cost of sold other securities, administrative expenses, etc.	-9 565	-5 994	-11 863
Other operating revenues			
Capital gain, Saab 35.1% [2]	2 115		
Capital gains, main holdings	265		3 197
Operating income	**4 719**	**1 684**	**4 642**
Net financial income/expenses	-464	-174	-739
Income after financial items	**4 255**	**1 510**	**3 903**
Tax	-153	-39	93
Net income for the period	**4 102**	**1 471**	**3 996**

Specification of operating income:			
Dividend income, main holdings	1 841	1 683	1 683
New investments and other holdings	793	287	370
GHH Grand Hôtel Holdings	36	32	74
Others	-4	-36	-74
Administrative expenses for the industrial investments	-327	-282	-608
Capital gains, main holdings			
Saab 35.1%	2 115		
Others	265		3 197
	4 719	**1 684**	**4 642**

1) Saab AB is not included in the comparative figures for 1997.

2) Net after estimated total sales costs of SEK 300 m. related to the broadening of ownership in Saab AB.

INVESTOR GROUP
BALANCE SHEET AT MARKET VALUE

SEK m.	1998 6/30	1997 12/31 [1]
Assets		
Machinery, equipment and real estate, etc.	1 874	1 599
Shares and participations [2]	116 881	98 342
Receivables	3 444	3 599
Receivable BAe [3]	3 500	
Cash and short-term investments	1 973	4 983
Total assets	**127 672**	**108 523**
Shareholders' equity and liabilities		
Shareholders' equity [4]	29 843	26 878
Surplus values arising from market valuation	79 147	60 171
Convertible debenture loans	1 363	1 360
Provision for pensions	314	313
Loan Saab [5]	6 575	9 104
Other loan liabilities	9 483	3 577
Other liabilities	947	7 120
Total shareholders' equity and liabilities	**127 672**	**108 523**
Equity/assets ratio [6]	**86%**	**81%**
Net debt		
Cash and short-term investments	1 973	4 983
Receivables BAe [3]	3 500	
Loan Saab [5]	-6 575	-9 104
Other loan liabilities	-9 483	-3 577
Provision for pensions	-314	-313
Total net debt	**-10 899**	**-8 011**

1) Saab AB is not consolidated in the comparative figures for 1997. The value of Saab AB is included in Shares and participations with SEK 3,091 m. corresponding to 100% of sharesholders' equity as of December 31, 1997.

2) Of which 4,200,000 OM shares valued at market value less theoretical market value of distributed covered warrants.

3) Receivable BAe referring to sales price of sold Saab shares was paid on July 9, 1998.

4) Shareholders' equity changed during the period:

Opening balance		26 878
Dividend to shareholders		-1 907
Effect on shareholders' equity of distribution of Saab purchase rights to Investor's Shareholders		758
Capital gain Saab from the sale of 35.1% to BAe, net after total sales costs	2 115	
Other income for the period	1 987	4 102
Other changes		12
Balance at close of period		29 843

5) Loan from Saab AB will be settled during 1998.

6) Shareholders' equity including convertible debenture loans in relation to total assets.

INVESTOR GROUP
STATEMENT OF CASH FLOWS

SEK m.	1998 1/1-6/30	1997 1/1-12/31
Cash flow from continuing operations		
Dividend income	1 841	1 637
Operating income other operations, administrative expenses before depreciation [1]	-269	-507
Net financial income/expenses	-460	-728
Tax paid	-1	123
	1 111	525
Change in working capital	-12	-588
Investments, main holdings etc.		
Sales, Saab 35,1%	3 500	
Sales, main holdings	168	4 141
Payment purchase rights Saab	2 137	
Purchases, main holdings	-824	-5 225
Payment ABB shares	-6 368	
Other investments, net		
New investments and other holdings	-373	-304
Other fixed assets, tangible and intangible	-304	-12
Dividends to shareholders	-1 907	-1 908
Contribution Saab		-1 393
Other items		
Changes in long-term receivables/liabilities, etc.	-16	-520
Financial deficit	**-2 888**	**-5 284**
Effect on financing		
Decrease/Increase in liquid assets (+/-)	3 010	2 736
Receivable BAe	-3 500	
Increase/Decrease in loans from Saab (+/-)	-2 529	1 225
Increase/Decrease in loans (+/-)	5 906	1 385
Decrease/Increase in provision for pensions (-/+)	1	-62
Total effect on financing	**2 888**	**5 284**

1) Excluding dividends, capital gains and equity/derivative trading.