

# PARENT COMPANY

## Parent Company Income Statement

Amounts in SEK million, 1 January – 31 December	Note	2007	2006
Net sales	4, 5	25,223	26,244 <sup>1</sup>
Cost of products sold	6	-14,974	-15,530 <sup>1</sup>
<b>Gross profit</b>		<b>10,249</b>	<b>10,714</b>
Selling expenses		-857	-947
Administrative expenses		-1,657	-1,485
Research and development costs		-280	-183
Other operating income	7	168	688
Other operating expenses	8	-185	-462
<b>Operating profit</b>	9, 10	<b>7,438</b>	<b>8,325</b>
Result from participations in Group companies	11	1,038	4,829
Result from participations in associated companies	12	-2	160
Result from other shares and participations	13	-5	11
Interest income and similar profit/loss items	14	1,545	3,752
Interest expenses and similar profit/loss items	15	-6,046	-3,039
Group contributions		1,564	2,068
<b>Profit before appropriations and tax</b>		<b>5,532</b>	<b>16,106</b>
Appropriations	16	452	-2,071
<b>Profit before tax</b>		<b>5,984</b>	<b>14,035</b>
Income tax expense	17	-1,529	-2,486
<b>Profit for the year</b>		<b>4,455</b>	<b>11,549</b>

1) Net sales and Cost of products sold for 2006 are adjusted compared to previously published information in Vattenfall's 2006 Annual Report. See Note 2 to the consolidated accounts, Accounting Principles.

## Parent Company Balance Sheet

Amounts in SEK million	Note	31 Dec. 2007	31 Dec. 2006
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	18		
Capitalised development costs		69	120
Concessions and similar rights		3	10
Renting and similar rights		17	23
<b>Total intangible assets: non-current</b>		<b>89</b>	<b>153</b>
<b>Property, plant and equipment</b>	19		
Buildings and land		11,411	11,234
Plants and machinery and other technical installations		7,367	7,197
Equipment, tools, and fixtures and fittings		41	28
Construction in progress		988	1,360
<b>Total property, plant and equipment</b>		<b>19,807</b>	<b>19,819</b>
<b>Other non-current assets</b>			
Participations in Group companies	20, 21	55,658	55,715
Receivables from Group companies	22	6,512	5,195
Participations in associated companies	20, 21	520	520
Receivables from associated companies	22	362	392
Other shares and participations	20, 21	33	38
Deferred tax assets	17	321	395
Other non-current receivables	22	2,196	3,433
<b>Total other non-current assets</b>		<b>65,602</b>	<b>65,688</b>
<b>Total non-current assets</b>		<b>85,498</b>	<b>85,660</b>
<b>Current assets</b>			
Inventories	23	310	770
Intangible assets: current	24	432	5
Current receivables	25	40,032	50,215
Current tax assets	17	274	-
Cash and cash equivalents	26	352	181
<b>Total current assets</b>		<b>41,400</b>	<b>51,171</b>
<b>Total assets</b>		<b>126,898</b>	<b>136,831</b>
<b>Equity, provisions and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (131,700,000 shares with a quota value of SEK 50)		6,585	6,585
Statutory reserve		1,286	1,286
Non-restricted equity			
Retained earnings		19,667	16,295
Profit for the year		4,455	11,549
<b>Total equity</b>		<b>31,993</b>	<b>35,715</b>
Untaxed reserves	16	10,993	11,445
Provisions	27	144	184
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	28	58,214	63,904
Non-current noninterest-bearing liabilities	29	2,643	2,592
<b>Total non-current liabilities</b>		<b>60,857</b>	<b>66,496</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	30	7,197	8,763
Current tax liabilities	17	-	663
Other current noninterest-bearing liabilities	31	15,714	13,565
<b>Total current liabilities</b>		<b>22,911</b>	<b>22,991</b>
<b>Total equity, provisions and liabilities</b>		<b>126,898</b>	<b>136,831</b>
Pledged assets	32	3,218	2,953
Contingent liabilities	33	118,388	107,544
Commitments under consortium agreements	34		

## Parent Company Statement of Changes in Equity

Amounts in SEK million	Share capital	Statutory reserve	Non-restricted equity	Total
Balance brought forward 2006	6,585	1,286	22,559	30,430
Dividend paid to equity holders	-	-	-5,800	-5,800
Group contributions	-	-	-647	-647
Tax effect of Group contributions	-	-	181	181
Result from mergers	-	-	2	2
Profit for the year	-	-	11,549	11,549
<b>Balance carried forward 2006</b>	<b>6,585</b>	<b>1,286</b>	<b>27,844</b>	<b>35,715</b>
Dividend paid to equity holders	-	-	-7,500	-7,500
Group contributions	-	-	-940	-940
Tax effect of Group contributions	-	-	263	263
Profit for the year	-	-	4,455	4,455
<b>Balance carried forward 2007</b>	<b>6,585</b>	<b>1,286</b>	<b>24,122</b>	<b>31,993</b>

As of 31 December 2007 the registered share capital comprised 131,700,000 shares with a quota value of SEK 50 each.

## Parent Company Cash Flow Statement

Amounts in SEK million, 1 January – 31 December	2007	2006
<b>Operating activities</b>		
<b>Funds from operations (FFO)</b>		
Profit for the year	4,455	11,549
Adjustments for the effect of items not included in the cash flow:		
Income tax expense	1,529	2,486
Appropriations	-452	2,071
Depreciation and amortisation	832	926
Dividend-contingent Group contributions	-1,564	-2,068
Taxes paid	-1,844	-1,437
Unrealised exchange rate effects	2,170	-1,743
Change in provisions	-40	-5
Other	-	-180
Cash flow from changes in operating assets and operating liabilities	8,421	-8,352
<b>Cash flow from operating activities</b>	<b>13,507</b>	<b>3,247</b>
<b>Investing activities</b>		
Investments in Group companies, associated companies and other shares and participations	-10	-1,045
Investments in property, plant and equipment and intangible assets: non-current	-1,103	-1,308
New share issue/shareholder contribution rendered	-	-13,140
Divestments of property, plant and equipment and intangible assets: non-current	363	93
Divestments of shares and participations	102	10,419
<b>Cash flow from investing activities</b>	<b>-648</b>	<b>-4,981</b>
<b>Cash flow before financing activities</b>	<b>12,859</b>	<b>-1,734</b>
<b>Financing activities</b>		
Loans	-7,256	3,584
Group contributions received	2,068	1,771
Dividend paid to equity holders	-7,500	-5,800
<b>Cash flow from financing activities</b>	<b>-12,688</b>	<b>-445</b>
<b>Cash flow for the year</b>	<b>171</b>	<b>-2,179</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year	181	2,360
Cash flow for the year	171	-2,179
<b>Cash and cash equivalents at the end of the year</b>	<b>352</b>	<b>181</b>

Interest paid totalled SEK 3,202 million (3,040) and interest received totalled SEK 1,545 million (1,181). Dividends received totalled SEK 769 million (4,833).

# NOTES TO THE PARENT COMPANY ACCOUNTS

(Amounts in SEK million unless stated otherwise.)

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## Note 1 Company information

Vattenfall AB's 2007 Annual Report was approved in accordance with a decision by the Board of Directors of 13 March 2008. Vattenfall AB, which is the Parent Company in the Vattenfall Group, is a limited liability company with its registered office in Stockholm and with the address SE-162 87 Stockholm, Sweden. The balance sheet and income statement of the Parent Company will be submitted at the Annual General Meeting (AGM).

## Note 2 Accounting principles

### General

The Parent Company Vattenfall AB's accounts are prepared according to Swedish GAAP, i.e., in accordance with the Swedish Annual Accounts Act and recommendation RFR 2.1 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. RFR 2.1, which will become mandatory for 2008 financial statements but has been applied prospectively. Vattenfall AB has adopted the exemption rule regarding IAS 39 according to RFR 2.1.

The accounting principles applied are stated in the applicable parts of Note 2 to the consolidated accounts with the following amendments for the Parent Company Vattenfall AB.

Financial instruments are reported at cost.

### Depreciation and amortisation

As in the consolidated accounts, depreciation and amortisation are based on cost and are applied on a straight-line basis over the estimated useful life of the asset in question. In addition, certain accelerated depreciation/amortisation (the difference between depreciation/amortisation according to plan and depreciation/amortisation for tax purposes) in the Parent Company is reported under Appropriations and Untaxed reserves, respectively.

### Pension provisions

Pension obligations in the Parent Company are calculated in accordance with generally accepted Swedish actuarial principles. The provision reported in the balance sheet corresponds to these pension obligations, entered net against plan assets of Vattenfall's Pension Foundation.

### Income tax expense

Tax legislation in Sweden allows companies to defer tax payments by making provisions to untaxed reserves. In the Parent Company, untaxed reserves are reported as a separate item in the balance sheet that includes deferred tax. In the Parent Company's income statement, provisions to untaxed reserves and dissolution of untaxed reserves are reported under Appropriations.

The recognised income tax expense of the Parent Company, Vattenfall AB, consists of income tax on profit after appropriations.

## Note 3 Exchange rates

See Note 5 to the consolidated accounts.

**Note 4 Net sales**

	2007	2006
Sales including excise taxes		
sale of goods (electricity, heat, etc.)	23,641	27,377
rendering of services	1,773	993
Excise taxes	-191	-2,126
<b>Net sales</b>	<b>25,223</b>	<b>26,244</b>
<b>Net sales per geographic area</b>		
	2007	2006
Nordic countries	24,372	25,473
Germany	432	639
Poland	419	132
<b>Total</b>	<b>25,223</b>	<b>26,244</b>
<b>Net sales per segment</b>		
	2007	2006
Electricity Generation	4,939	9,594
Electricity Market	17,846	14,241
Heat	2,186	2,244
Other	252	165
<b>Total</b>	<b>25,223</b>	<b>26,244</b>

**Note 5 Intra-Group transactions**

Of the Parent Company's total income from sales and total purchase costs, transactions with Group companies account for 9% (12%) of sales and 35% (41%) of purchase costs.

**Note 6 Cost of products sold**

Direct costs include production taxes and duties of SEK 222 million (199) and property taxes of SEK 982 million (837).

**Note 7 Other operating income**

Other operating income consists primarily of capital gains from the sale of non-current assets, rental income, insurance compensation and operationally derived foreign exchange gains.

**Note 8 Other operating expenses**

Other operating expenses consist primarily of capital losses on divestments of non-current assets and operationally derived exchange rate losses.

**Note 9 Depreciation and amortisation**

Amortisation of non-current intangible assets and depreciation of property, plant and equipment in the income statement are broken down as follows:

	2007	2006
Cost of products sold	756	736
Selling expenses	53	75
Administrative expenses	1	1
<b>Total</b>	<b>810</b>	<b>812</b>

Amortisation of non-current intangible assets is included in Cost of products sold above in the amount of SEK 2 million (2) and in Selling expenses in the amount of SEK 52 million (73).

**Note 10 Impairment losses**

Impairment losses of non-current intangible assets, property, plant and equipment in the income statement are broken down as follows:

	2007	2006
Cost of products sold	6	-
Selling expenses	-	114
<b>Total</b>	<b>6</b>	<b>114</b>

Impairment losses of non-current intangible assets are included above in the amount of SEK 0 million (114).

**Note 11 Result from participations in Group companies**

	2007	2006
Dividends	757	4,817
Impairment losses	-11	-2
Capital gains/losses on divestments	292	14
<b>Total</b>	<b>1,038</b>	<b>4,829</b>

**Note 12 Result from participations in associated companies**

Attributable to dividends from associated companies and capital losses/gains from the sale of associated companies.

**Note 13 Result from other shares and participations**

	2007	2006
Dividends	2	2
Impairment losses	-5	-
Capital gains/losses on divestments	-2	9
<b>Total</b>	<b>-5</b>	<b>11</b>

**Note 14 Interest income and similar profit/loss items**

	2007	2006
Interest income from subsidiaries	1,188	717
Other interest income	357	464
Foreign exchange gains	-	2,571
<b>Total</b>	<b>1,545</b>	<b>3,752</b>

**Note 15 Interest expenses and similar profit/loss items**

	2007	2006
Interest expenses to subsidiaries	3,171	3,017
Other interest expenses	31	22
Foreign exchange losses	2,844	-
<b>Total</b>	<b>6,046</b>	<b>3,039</b>

## Note 16 Appropriations and untaxed reserves

	Balance brought forward	Provision/Dis-solution (-)	Balance carried forward
Accelerated depreciation	6,151	-107	6,044
2002 Tax allocation reserve	1,371	-1,371	-
2003 Tax allocation reserve	966	-	966
2004 Tax allocation reserve	1,295	-	1,295
2005 Tax allocation reserve	2,733	-7	2,726
2006 Tax allocation reserve	1,737	-	1,737
2007 Tax allocation reserve	2,796	-489	2,307
2008 Tax allocation reserve	-	1,522	1,522
Other untaxed reserves	-5,604	-	-5,604
<b>Total</b>	<b>11,445</b>	<b>-452</b>	<b>10,993</b>

## Note 17 Income tax expense

The reported income tax expense is broken down as follows:

	2007	2006
Current tax	1,456	2,420
Deferred tax	73	66
<b>Total</b>	<b>1,529</b>	<b>2,486</b>

The income tax expense for the year attributable to previous years amounts to SEK 88 million (110). The tax effect of the standard tax interest on tax allocation reserves amounts to SEK 77 million (56).

The difference between the nominal Swedish tax rate and the effective tax rate is explained as follows:

%	2007	2006
Swedish income tax rate	28.0	28.0
Appropriations	2.3	-3.6
Tax adjustment for previous periods	-1.6	-0.7
Non-taxable income	-8.0	-9.2
Non-deductible expenses	7.1	0.7
Other	-0.1	0.2
<b>Effective tax rate<sup>1</sup></b>	<b>27.7</b>	<b>15.4</b>

Tax rate, current tax<sup>2</sup> 26.3 15.0

1) Tax expense according to the Parent Company income statement in relation to profit before appropriations and tax.

2) Tax expense according to the Parent Company income statement excluding reported deferred tax in relation to profit before appropriations and tax.

## Note 18 Intangible assets: non-current

	Capitalised development costs		Goodwill		Concessions and similar rights		Renting and similar rights		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Cost</b>										
Cost brought forward	301	237	13	13	350	344	63	61	727	655
Investments	-	64	-	-	4	6	3	3	7	73
Divestments/Disposals	-	-	-	-	-1	-	-25	-1	-26	-1
Reclassifications	-	-	-	-	-9	-	9	-	-	-
<b>Accumulated cost carried forward</b>	<b>301</b>	<b>301</b>	<b>13</b>	<b>13</b>	<b>344</b>	<b>350</b>	<b>50</b>	<b>63</b>	<b>708</b>	<b>727</b>
<b>Accumulated amortisation according to plan</b>										
Amortisation brought forward	-67	-	-13	-13	-340	-334	-40	-38	-460	-385
Amortisation for the year	-51	-67	-	-	-2	-6	-2	-2	-55	-75
Divestments/Disposals	-	-	-	-	1	-	9	-	10	-
<b>Accumulated depreciation carried forward</b>	<b>-118</b>	<b>-67</b>	<b>-13</b>	<b>-13</b>	<b>-341</b>	<b>-340</b>	<b>-33</b>	<b>-40</b>	<b>-505</b>	<b>-460</b>
<b>Impairment losses</b>										
Impairment losses brought forward	-114	-	-	-	-	-	-	-	-114	-
Impairment losses for the year	-	-114	-	-	-	-	-	-	-	-114
<b>Accumulated impairment losses carried forward</b>	<b>-114</b>	<b>-114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Residual value according to plan carried forward</b>	<b>69</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>10</b>	<b>17</b>	<b>23</b>	<b>89</b>	<b>153</b>
Accumulated excess amortisation	-21	-36	-	-	-1	-3	-5	-7	-27	-46
<b>Book value</b>	<b>48</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>7</b>	<b>12</b>	<b>16</b>	<b>62</b>	<b>107</b>

At 31 December 2007, there were no contractual commitments for the acquisition of non-current intangible assets.

## Note 19 Property, plant and equipment

	Buildings and land <sup>1</sup>		Plant and machinery and other technical installations		Equipment tools, and fixtures and fittings		Construction in progress		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Cost</b>										
Cost brought forward	17,066	16,612	15,498	15,112	129	166	1,360	1,224	34,053	33,114
Investments	13	-	1	-	21	11	1,064	1,235	1,099	1,246
Grants received	-	-	-	-	-	-	-3	-11	-3	-11
Transfer from construction in progress	437	458	984	630	2	-	-1,423	-1,088	-	-
Divestments/Disposals	-49	-14	-995	-237	-7	-48	-10	-	-1,061	-299
Reclassifications	-	10	16	-7	-	-	-	-	16	3
<b>Accumulated cost carried forward</b>	<b>17,467</b>	<b>17,066</b>	<b>15,504</b>	<b>15,498</b>	<b>145</b>	<b>129</b>	<b>988</b>	<b>1,360</b>	<b>34,104</b>	<b>34,053</b>
<b>Accumulated depreciation according to plan</b>										
Depreciation brought forward	-5,832	-5,603	-8,301	-7,965	-101	-133	-	-	-14,234	-13,701
Depreciation for the year	-246	-239	-501	-489	-8	-9	-	-	-755	-737
Divestments/Disposals	22	10	687	156	5	41	-	-	714	207
Reclassifications	-	-	-16	-3	-	-	-	-	-16	-3
<b>Accumulated depreciation carried forward</b>	<b>-6,056</b>	<b>-5,832</b>	<b>-8,131</b>	<b>-8,301</b>	<b>-104</b>	<b>-101</b>	<b>-</b>	<b>-</b>	<b>-14,291</b>	<b>-14,234</b>
<b>Impairment losses</b>										
Impairment losses for the year	-	-	-6	-	-	-	-	-	-6	-
<b>Accumulated impairment losses carried forward</b>	<b>-</b>	<b>-</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-6</b>	<b>-</b>
<b>Residual value according to plan carried forward</b>	<b>11,411</b>	<b>11,234</b>	<b>7,367</b>	<b>7,197</b>	<b>41</b>	<b>28</b>	<b>988</b>	<b>1,360</b>	<b>19,807</b>	<b>19,819</b>
Accumulated excess depreciation	-	-	-6,005	-6,077	-12	-28	-	-	-6,017	-6,105
<b>Book value</b>	<b>11,411</b>	<b>11,234</b>	<b>1,362</b>	<b>1,120</b>	<b>29</b>	<b>-</b>	<b>988</b>	<b>1,360</b>	<b>13,790</b>	<b>13,714</b>

1) Cost for land and buildings includes cost for land and water rights amounting to SEK 6,623 million (6,617), which are not subject to depreciation.

### Tax assessment values

	2007	2006
Buildings	36,681	33,947
Land	21,610	20,743
<b>Total</b>	<b>58,291</b>	<b>54,690</b>

Distribution lines and transformer stations are not subject to tax assessment values.

At 31 December 2007, there were no contractual commitments for the acquisition of property, plant and equipment.

## Note 20 Participations in Group companies, associated companies and other shares and participations

	Participations in Group companies		Participations in associated companies		Other shares and participations	
	2007	2006	2007	2006	2007	2006
Balance brought forward	55,715	41,742	520	10,860	38	37
Investments/acquisitions	7	1,044	-	-	3	1
Shareholder contributions <sup>1</sup>	-	2	-	-	-	-
Divestments <sup>1</sup>	-7	-78	-	-10,340	-3	-
New share issue	-	13,139	-	-	-	-
Shareholdings merged	-46	-133	-	-	-	-
Impairment losses	-11	-1	-	-	-5	-
<b>Balance carried forward</b>	<b>55,658</b>	<b>55,715</b>	<b>520</b>	<b>520</b>	<b>33</b>	<b>38</b>

1) Shareholder contributions and divestments are mainly attributable to restructuring in the Group.

## Note 21 Shares and participations

For a breakdown of the Parent Company's shares and participations in Group companies, associated companies and other shares and participations, see Notes 23–25 to the consolidated accounts.

## Note 22 Receivables from Group companies, associated companies and other non-current receivables

	Receivables from Group companies		Receivables from associated companies		Other non-current receivables	
	2007	2006	2007	2006	2007	2006
Balance brought forward	5,195	4,316	392	2,183	3,433	261
New receivables	1,317	902	-	-	-	3,347
Payments received	-	-23	-30	-1,791	-1,237	-175
<b>Balance carried forward</b>	<b>6,512</b>	<b>5,195</b>	<b>362</b>	<b>392</b>	<b>2,196</b>	<b>3,433</b>

## Note 23 Inventories

	2007	2006
Biofuels	44	62
Fossil fuels	243	242
Materials and spare parts	23	21
Other	-	445
<b>Total</b>	<b>310</b>	<b>770</b>

The amount of inventories recognised as an expense in 2007 amount to SEK 1,794 million (803). No impairment losses of inventories or reversal of impairment losses were recognised during the year.

## Note 24 Intangible assets: current

Attributable to emission allowances and certificates. See Note 2 to the consolidated accounts, Accounting principles.

	Emission allowances		Certificates	
	2007	2006	2007	2006
Balance brought forward	5	-	-	-
Purchases	1	5	-	-
Redeemed	-6	-	-	-
Reclassification from inventory	-	-	432	-
<b>Balance carried forward</b>	<b>-</b>	<b>5</b>	<b>432</b>	<b>-</b>

## Note 25 Current receivables

	2007	2006
Accounts receivable-trade	3,289	3,255
Receivables from Group companies	30,306	39,915
Receivables from associated companies	76	1,442
Other receivables	3,581	3,015
Prepaid expenses and accrued income	2,780	2,588
<b>Total</b>	<b>40,032</b>	<b>50,215</b>

**Age analysis of Current receivables**

The collection period is normally 30 days

	2007			2006		
	Receivables gross	Receivables impaired	Receivables net	Receivables gross	Receivables impaired	Receivables net
<b>Accounts receivable-trade</b>						
Non due	3,143	-	3,143	2,953	-	2,953
Due 1-30 days	75	-	75	156	-	156
Due 31-90 days	22	-	22	101	-	101
Due > 90 days	83	34	49	135	90	45
<b>Total</b>	<b>3,323</b>	<b>34</b>	<b>3,289</b>	<b>3,345</b>	<b>90</b>	<b>3,255</b>
<b>Receivables from group companies</b>						
Non due	30,306	-	30,306	39,915	-	39,915
<b>Total</b>	<b>30,306</b>	<b>-</b>	<b>30,306</b>	<b>39,915</b>	<b>-</b>	<b>39,915</b>
<b>Receivables from associated companies</b>						
Non due	74	-	74	1,442	-	1,442
Due 1-30 days	2	-	2	-	-	-
<b>Total</b>	<b>76</b>	<b>-</b>	<b>76</b>	<b>1,442</b>	<b>-</b>	<b>1,442</b>
<b>Other receivables</b>						
Non due	3,570	-	3,570	3,015	-	3,015
Due 1-30 days	4	-	4	-	-	-
Due 31-90 days	7	-	7	-	-	-
<b>Total</b>	<b>3,581</b>	<b>-</b>	<b>3,581</b>	<b>3,015</b>	<b>-</b>	<b>3,015</b>

**Note 26 Cash and cash equivalents**

The Parent Company's cash and bank balances are administered by the subsidiary Vattenfall Treasury AB. Funds in the Group account amount to SEK 22,667 million (30,965) and are reported in the balance sheet as current receivables from Group companies.

The Parent Company's external cash and bank balances amount to SEK 352 million (181).

**Note 27 Provisions**

	2007	2006
Personnel-related provisions for non-pension purposes	144	184
<b>Total</b>	<b>144</b>	<b>184</b>

	2007	2006
Pension obligations <sup>1,2</sup>	2,736	2,647
Less: Plan assets	-2,736	-2,647
<b>Total pension provisions at year-end</b>	<b>-</b>	<b>-</b>
1) Of which, information registered by PRI	1,685	1,603
2) Of which, covered by credit insurance with FPG/PRI	2,380	2,336

The Parent Company's pension obligations are subject in their entirety to the Pension Obligations Vesting Act.

	2007	2006
Fair value of plan assets at the beginning of the year	2,647	2,617
Return on plan assets	89	30
<b>Fair value of plan assets at the end of the year</b>	<b>2,736</b>	<b>2,647</b>
Plan assets consist of the following:	2007	2006
Equity securities	1,010	1,319
Debt instruments	1,311	1,072
Other	415	256
<b>Total</b>	<b>2,736</b>	<b>2,647</b>

**Note 28 Non-current interest-bearing liabilities**

Fully attributable to liabilities to Group companies in the amount of SEK 58,214 million (63,904), of which SEK 18,738 million (17,886) falls due after more than five years.

Liabilities to Group companies are mainly attributable to long-term borrowings from Vattenfall Treasury AB.

**Note 29 Non-current noninterest – bearing liabilities**

	2007	2006
Liabilities to Group companies	2,264	2,164
Other liabilities	379	428
<b>Total</b>	<b>2,643</b>	<b>2,592</b>

Liabilities to Group companies are mainly attributable to long-term liabilities to Forsmarks Kraftgrupp AB for power charges. For this liability there shall be, in accordance with an agreement between the co-owners, no interest payable on the debt. Of other liabilities, SEK 245 million (289) falls due after more than five years.

**Note 30 Current interest-bearing liabilities**

SEK 347 million (0) is attributable to the Swedish Tax account and SEK 6,850 million (8,763) is attributable to liabilities to Group companies.

**Note 31 Other current noninterest-bearing liabilities**

	2007	2006
Advance payments from customers	28	29
Accounts payable-trade	1,169	711
Liabilities to Group companies	12,025	11,127
Liabilities to associated companies	27	26
Other liabilities	682	607
Accrued expenses and deferred income	1,783	1,065
<b>Total</b>	<b>15,714</b>	<b>13,565</b>

Breakdown of accrued expenses and deferred income:

	2007	2006
Accrued personnel-related costs	143	150
Other accrued expenses	213	253
Deferred income and accrued expenses, electricity	499	599
Deferred income and accrued expenses, Group companies	901	–
Other deferred income	27	63
<b>Total</b>	<b>1,783</b>	<b>1,065</b>

**Note 32 Pledged assets**

	2007	2006
Blocked bank funds as security for trading on Nord Pool	53	40
Blocked bank funds as security for redemption of minority shares	3,165	2,913
<b>Total</b>	<b>3,218</b>	<b>2,953</b>

Pledged assets include a pledge of SEK 3,165 million for the possible future payment to minority shareholders for the redemption of shares in Vattenfall Europe AG. The amount has been deposited in a blocked account with a bank. Vattenfall receives a market rate of interest on this deposit. In the event the redemption process were to be broken off, Vattenfall AB would be able to recover the deposited amount.

**Note 33 Contingent liabilities**

	2007	2006
<b>Guarantees</b>		
of which:		
<b>for Vattenfall Treasury's:</b>		
lending to subsidiaries	27,660	23,178
lending to associated companies	–	36
lending to third parties, not Group companies or associated companies	5	–
external borrowing for subsidiaries	42,370	46,259
borrowing from Group companies	18,009	10,209
borrowing from associated companies	7,106	4,978
<b>for lending by:</b>		
other than Group companies	9	9
Group companies	5,295	5,504
associated companies	1	2
Swedish Nuclear Waste Fund	6,132	5,643
Contract guarantees	130	255
Other contingent liabilities	11,671	11,471
<b>Total</b>	<b>118,388</b>	<b>107,544</b>
<b>Other contingent liabilities</b>		
Compensatory and free power deliveries:		
Wholesale power deliveries		
Number of commitments	12	13
Power MW	216	223
Energy deliveries, TWh/year	0.9	0.9

SEK 110,949 million (102,406) of the Parent Company's contingent liabilities are attributable to its subsidiaries. Vattenfall AB has guaranteed Vattenfall Treasury AB's commitments.

As security for the energy trading of the subsidiary Vattenfall Europe Trading GmbH, Vattenfall AB has provided guarantees at a total value of EUR 1,172 million (713), equivalent to SEK 11,096 million (6,451). On the balance sheet date, utilised guarantees totalling EUR 188 million (280), equivalent to SEK 1,785 million (2,537), were included in the reported contingent liabilities.

As security for the subsidiaries Forsmarks Kraftgrupp AB and Ringhals AB, Vattenfall AB has made guarantee commitments for a combined value of SEK 6,132 million (5,643) to cover the risk that the existing funds in the Swedish Nuclear Waste Fund should, over time, prove to be insufficient. The reported contingent liabilities include these commitments. Two types of guarantee commitments have been made. The one guarantee commitment is intended to cover the requisite need for fees that has been decided on for the fees that have not yet been paid in during the so-called earnings period (25 years of operation). The other guarantee commitment pertains to future cost increases stemming from unforeseen events. Both amounts are determined from a probability-based risk analysis, where the former amount has been determined as such that there is a 50% probability that it, together with currently funded amounts (median value), will provide full cost coverage. The latter amount consists in principle of the supplement that would be required if the corresponding probability was 90%. Starting on 1 January 2008, a new law (2006:647) applies for financing of future fees for spent nuclear fuel. Compliance with the new law will result in a substantial increase in the size of future security. For 2008 this means that the combined security for the Swedish Nuclear Waste Fund will amount to SEK 17,113 million. This amount also applies for 2009.

See also Note 44 to the consolidated accounts.

### Note 34 Commitments under consortium agreements

See Note 45 to the consolidated accounts.

### Note 35 Average number of employees and personnel costs

Average number employees	2007			2006		
	Men	Women	Total	Men	Women	Total
Sweden	802	283	1,085	805	285	1,090
Other countries	2	-	2	4	-	4
<b>Total</b>	<b>804</b>	<b>283</b>	<b>1,087</b>	<b>809</b>	<b>285</b>	<b>1,094</b>

Personnel costs	2007		2006	
	Men	Women	Men	Women
Salaries and other remuneration			646	615
Social security expenses (of which pension costs) <sup>1</sup>			468	465
			(202)	(212)
<b>Total</b>			<b>1,114</b>	<b>1,080</b>

1) SEK 9 million (8) of the pension costs are attributable to senior executives, i.e. presidents and vice presidents and former presidents and vice presidents. The Company's outstanding pension obligations attributable to these executives total SEK 64 million (51).

None of the Company directors receives any pension benefits in connection with board duties.

Salaries and other remuneration	2007			2006		
	Senior executives <sup>1</sup>	Other employees	Total	Senior executives <sup>1</sup>	Other employees	Total
Sweden	19	624	643	19	593	612
Other countries	-	3	3	-	3	3
<b>Total<sup>2</sup></b>	<b>19</b>	<b>627</b>	<b>646</b>	<b>19</b>	<b>596</b>	<b>615</b>

1) Senior executives comprise board members and senior executives but also deputy board members and vice presidents and former board members, deputy board members, presidents and vice presidents.

2) Total salaries and other compensation to board members and presidents include bonuses of SEK 1 million (1).

For benefits to senior executives at Vattenfall, see Note 46 to the consolidated accounts.

### Note 36 Sickness-related absence

Sickness-related absence as a percentage of normal working hours during the year.

	Parent Company Vattenfall AB		Vattenfall Group Swedish operations	
	2007	2006	2007	2006
Total sickness-related absence	2.3	2.8	3.2	3.5
Total sickness-related absence:				
- for women	3.8	5.0	5.0	5.5
- for men	1.8	2.0	2.6	2.8
- for employees aged 29 and younger	0.7	1.4	3.3	3.1
- for employees aged 30-49 years	1.6	2.7	2.7	3.3
- for employees aged 50 and above	2.5	2.7	3.7	4.2
Percentage of sickness-related absence lasting 60 days or more	21.7	38.9	32.6	48.5

### Note 37 Gender distribution among senior executives

	Women, %		Men, %	
	2007	2006	2007	2006
Gender distribution among board members	27	20	73	80
Gender distribution among other senior executives	11	11	89	89

### Note 36 Leasing

#### Leasing expenses

Future payment commitments, as of 31 December 2007, for leasing contracts and rental contracts break down as follows:

	Financial leasing	Operating leasing
2008	1	13
2009	2	23
2010	1	20
<b>Total</b>	<b>4</b>	<b>56</b>

Leasing expenses for the year attributable to the Parent Company amounted to SEK 20 million (6).

#### Leasing revenues

Vattenfall AB owns and operates energy facilities on behalf of customers. Revenues from customers are broken down into two components – a fixed component to cover capital expenses and a variable component based on the quantity delivered.

Facilities are classified in accordance with standard leasing principles, based on the fixed revenue component.

On 31 December 2007, the cost of assets reported under Operating leases amounted to SEK 810 million (979). Accumulated depreciation amounted to SEK 275 million (334) and accumulated impairment losses to SEK 34 million (30).

Future payments for this type of facility break down as follows:

	Financial leasing	Operating leasing
2008	-	2
2009	-	2
2010	-	1
2011	-	1
2013 and beyond	-	2
<b>Total</b>	<b>-</b>	<b>8</b>

### Note 39 Auditors' fees, etc.

	2007	2006
<b>Statutory audit</b>		
Ernst & Young	8	8
Swedish National Audit Office	1	1
<b>Total</b>	<b>9</b>	<b>9</b>
<b>Other fees</b>		
Ernst & Young	5	6
<b>Total</b>	<b>5</b>	<b>6</b>

### Note 40 Related party disclosures

See Note 50 to the consolidated accounts.