

# INTERIM REPORT

## 1 JANUARY – 31 MARCH 2010



### 1 JANUARY – 31 MARCH 2010 (COMPARED WITH SAME PERIOD A YEAR AGO)

- Net sales fell 12% during the period to SEK 1,527 million (1,731). For comparable units net sales fell 14%.
- Operating profit before amortisation of intangible assets (EBITA) decreased by 11% to SEK 144 million (161) and the EBITA margin was 9.4% (9.3%).
- Profit after tax decreased by 9% to SEK 86 million (95%).
- Earnings per share were SEK 2.15 (2.38).

### FINANCIAL DEVELOPMENT

	2010	2009		2009/10	2009
SEK million	Jan-Mar	Jan-Mar	Change	Moving 12 mos	Jan-Dec
Net Sales	<b>1,527</b>	1,731	-11.8%	6,067	6,271
EBITA *)	<b>144</b>	161	-10.6%	577	594
EBITA margin, %	<b>9.4</b>	9.3		9.5	9.5
Profit after financial items	<b>116</b>	129	-10.1%	448	461
Net profit	<b>86</b>	95	-9.5%	332	341
Earnings per share, SEK	<b>2.15</b>	2.38	-9.5%	8.30	8.53
Return on operating capital, % (12 months)	<b>20.9</b>	33.2		20.9	22.2

\*) Operating profit before amortisation of intangible assets

## CEO's message

### **Better market situation and many acquisitions**

Order intake during the first quarter was 10% higher than invoicing, which means that Indutrade is now in a growth phase that will gradually become apparent in invoicing. The total increase in order intake during the quarter is attributable to completed acquisitions. The order intake for comparable units improved gradually during the first quarter, resulting in an increase in order intake in March for the first time since September 2008.

In the geographic markets in which Indutrade works, Sweden is the country that is showing the strongest growth. Of the customer segments, in general it is the engineering industry including commercial vehicles that is showing strong growth. These segments were hit first and hardest by the economic downturn and are now showing the strongest growth.

Invoicing during the quarter was lower than in the same period in 2009 as a result of low order intake in earlier quarters. The order book increased during the quarter.

The Group is once again showing its strength through a very stable gross margin, which improved during the quarter. The EBITA margin for the quarter was 9.4%, which is slightly higher than for the same period in 2009.

### **Acquisitions**

During the quarter, Indutrade acquired a total of six businesses with annual sales of nearly SEK 470 million and an EBITA margin exceeding the Group's targets. Together with the acquisitions made in autumn 2009, Indutrade's invoicing will increase by approximately SEK 700 million. The acquisitions made during the quarter strengthen our position in the product segments fasteners (Techno Skruv AB), valves (Corona Control AB), medical equipment (AxMediTec Sp.Z.o.o), filters (Lekang Group) and safety profiles (Stålprofil AB).

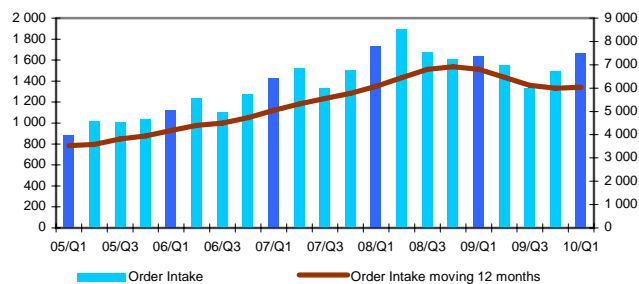
Despite the high pace of acquisitions during the first quarter, the ambition is to make additional acquisitions in the coming quarters.

In view of the trend of higher order intake for existing businesses and favourable acquisitions opportunities, I have a positive view of our performance in 2010.

*Johnny Alvarsson, President and CEO*

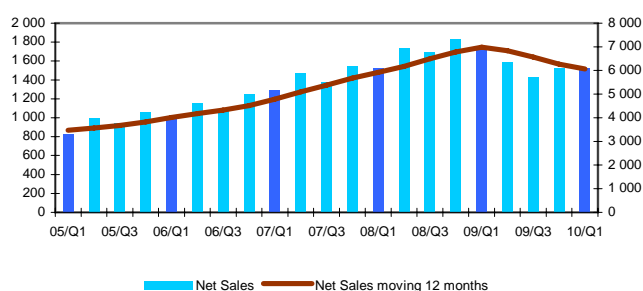
## ORDER INTAKE

MSEK

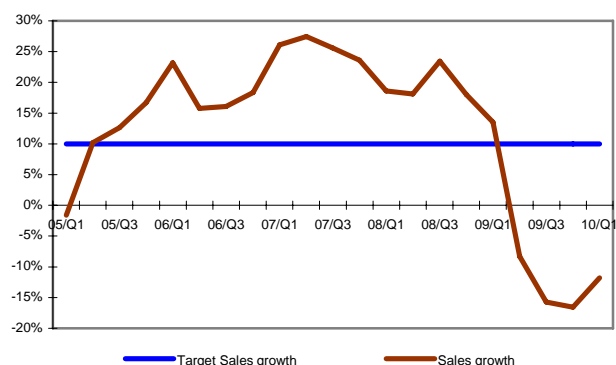


## NET SALES

MSEK



## SALES GROWTH



## Group performance

### ORDER INTAKE AND NET SALES

#### Order intake

Order intake during the period January–March amounted to SEK 1,669 million (1,630), an increase of 2%. For comparable units, order intake fell 2%, while acquired growth was 9%. Currency movements reduced order intake by 5%.

The decline in the Group's order intake regarding comparable units after the second quarter of 2009 has gradually planed out and was -2% for the first quarter. During the latter part of the quarter, growth in order intake was noted for the first time since September 2008.

The business area that was affected the earliest in 2008 by the economic downturn was Industrial Components, which is now reporting a clear improvement in order intake from product areas focusing on commercial vehicles. Flow Technology's order intake also performed well as a result of higher demand from customers in the water/waste water and environmental segments. The Special Products business area has benefited from improved demand in the Swedish market, while the pace of order intake was lower for companies focusing on the energy sector. In the Finnish market, where the Engineering & Equipment business area is active, order intake continues to be low.

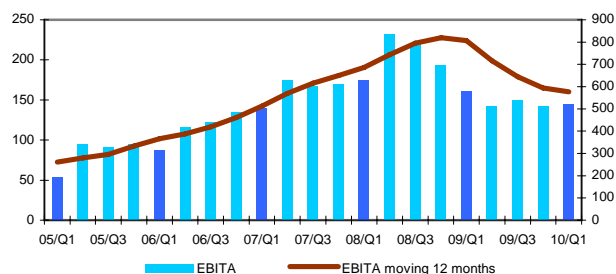
#### Net sales

Net sales fell 12% during the quarter to SEK 1,527 million (1,731). For comparable units, net sales fell 14%, while acquired growth was 7%. Currency movements had a negative impact on net sales, by 5%.

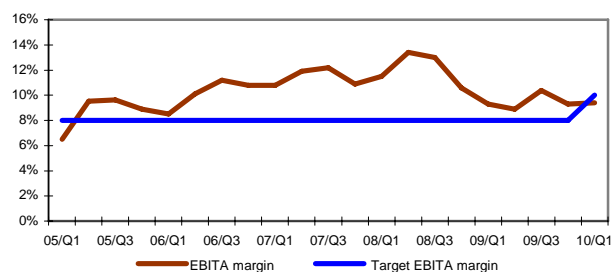
The Industrial Components business area had a weak start to the year, but showed growth in net sales for the month of March. Net sales for the other business areas posted performance for comparable units of between -11% and -20% in relation to a previously weak order intake.

## EBITA

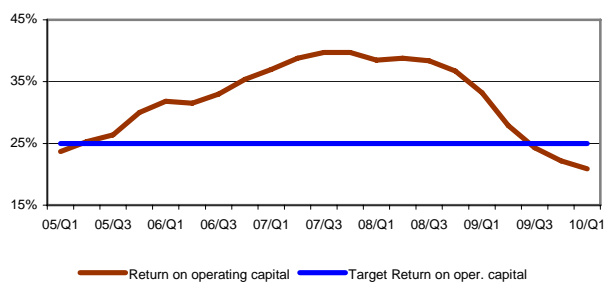
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## EBITA MARGIN



## RETURN



## EARNINGS AND RETURN

### Earnings

The gross margin for the first quarter was 33.7% (32.5%), an improvement of 1.2 percentage points. The improved gross margin is mainly attributable to a shift in net sales towards products with higher margins and improved productivity in manufacturing companies. The exchange rate trend compared with a year ago – with a strong Swedish krona – has had a favourable effect on parts of the Group.

Operating profit before amortisation of intangible assets (EBITA) was SEK 144 million (161), a decrease of 11%. The operating margin before amortisation of intangible assets (the EBITA margin) was 9.4% (9.3%). Measures taken in 2009 to reduce overheads, together with the improved gross margin, have contributed to a stable EBITA margin despite lower net sales.

Net financial items amounted to SEK -8 million (-15). Tax on profit for the year is estimated at SEK -30 million (-34). Profit after tax decreased by 9% to SEK 86 million (95). Earnings per share were SEK 2.15 (2.38).

### Return

The return on operating capital for the last 12 months was 20.9% (33.2%) and was affected by a lower level of earnings and by the fact that acquisitions were made primarily of manufacturing companies with a high average level of tied-up capital.

## Business areas

### Engineering & Equipment

*Engineering & Equipment offers customised niche products, design solutions, aftermarket service and special processing. The main product areas are hydraulics and pneumatics, industrial equipment, flow products, transmissions and measuring instruments.*

	2010	2009	2009/10	2009
SEK million	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales	<b>305</b>	420	1,454	1,569
EBITA	<b>14</b>	17	80	83
EBITA-margin, %	<b>4.6%</b>	4.0%	5.5%	5.3%

Net sales fell 27% during the quarter, to SEK 305 million (420). For comparable units, net sales fell 20%. Currency movements had a negative effect on net sales, by 7%. Demand in Finland, which is the business area's largest market, was affected by continued weak performance for the Finnish export industry. Compared with the fourth quarter of 2009, a slight levelling in the pace of decline of net sales is noted.

EBITA for the quarter was SEK 14 million (17). Mainly as an effect of the cost adjustments made in 2009, the EBITA margin reached 4.6% (4.0%), despite lower net sales.

### Flow Technology

*Flow Technology offers components and systems for the management, control and supervision of flows. The main product areas are valves, pumps, measuring and analysis instruments, pipe systems, hydraulics, compressors and service.*

	2010	2009	2009/10	2009
SEK million	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales	<b>383</b>	428	1,644	1,689
EBITA	<b>30</b>	40	176	186
EBITA-margin, %	<b>7.8%</b>	9.3%	10.7%	11.0%

Net sales for the period amounted to SEK 383 million (428), a decrease of 11%. For comparable units, net sales fell 11%, while acquired growth was 2%. Currency movements had a negative effect on net sales, by 2%. The decrease in net sales is mainly attributable to lower activity in markets in Denmark and Norway, and a lower share of invoicing for major projects.

EBITA for the quarter was SEK 30 million (40), and the EBITA margin was 7.8% (9.3%). An improved gross margin resulting from an improved product mix has partially absorbed the relatively high level of overheads.

The company Corona Control AB was acquired during the quarter.

## Industrial Components

*Industrial Components offers a wide range of technically advanced components and systems for production and maintenance. The main product areas are fasteners, mechanical components, pumps, lubrications, rust proofing, cutting tools, adhesives and chemical technology, transmission and automation, filters and process technology, and medical technical technology.*

	2010	2009	2009/10	2009
SEK million	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales	340	323	1,180	1,163
EBITA	28	20	80	72
EBITA-margin, %	8.2%	6.2%	6.8%	6.2%

Net sales, which have fallen during the last four quarters, increased during the period by 5% to SEK 340 million (323). For comparable units, the decrease was 4%, while acquired growth was 11%. Currency movements had a negative effect, by 2%. In March the business area posted growth for comparable units for the first time since the third quarter of 2008. This growth was mainly an effect of higher demand for products for commercial vehicles. Higher activity was also noted in the steel and mining industries.

EBITA for the quarter was SEK 28 million (20), corresponding to an EBITA margin of 8.2% (6.2%). The EBITA margin was favourably affected by a higher volume of deliveries with limited cost increases owing to cost-cutting programmes carried out in 2009.

During the quarter, the companies Techno Skruv i Värnamo AB (Sweden) and AxMediTec SP. Z o.o (Poland) were acquired.

## Special Products

*Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. The main product areas are valves, electrical components, glass, technical ceramics, measuring technology, special plastics, filters and process technology, industrial springs, piston rings and hydraulic couplings.*

	2010	2009	2009/10	2009
SEK million	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales	505	568	1,814	1,877
EBITA	82	94	276	288
EBITA-margin, %	16.2%	16.5%	15.2%	15.3%

Net sales for the period fell 11% to SEK 505 million (568). For comparable units, the decrease was 18%, while acquired growth was 13%. Currency movements reduced net sales by 6%. During the quarter, most of the business area's Swedish companies were favourably affected by improved demand, while companies with products for the international energy sector have noted a gradual weakening in demand.

EBITA was SEK 82 million (94), and the EBITA margin was 16.2% (16.5%). An improved gross margin resulting from an improved product mix and productivity improvements in certain manufacturing units have not fully compensated for a relatively higher level of overheads.

During the quarter, Lekang Group (with companies in Norway, Sweden and Denmark), Stålprofil PK AB and a construction plastics business were acquired.

## Other financial information

### FINANCIAL POSITION

Shareholders' equity amounted to SEK 1,675 million (1,713), and the equity ratio was 36,5% (37,2%).

Cash and cash equivalents amounted to SEK 241 million (257). In addition the company has SEK 469 million (555) in unutilised credit facilities. Interest-bearing net debt amounted to SEK 1,329 million (1,101).

The net debt/equity ratio was 79% (64%).

### CASH FLOW

Cash flow from operating activities was SEK 57 million (-37). Cash flow after net capital expenditures in property, plant and equipment (excluding company acquisitions) was SEK 41 million (-56). Despite lower earnings, cash flow improved compared with the same period a year ago since the increase in working capital could be limited.

### CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) amounted to SEK 16 million (19). Depreciation of property, plant and equipment totalled SEK 23 million (22). Capital expenditures in company acquisitions amounted to SEK 365 million (79), of which earn-out payments for previous years' acquisitions amounted to SEK 63 million (79).

### EMPLOYEES

The number of employees was 3,201 (3,182) at the end of the period, of whom 152 were added through company acquisitions.

### ACQUISITIONS

The Group acquired the following companies, which are consolidated for the first time in 2010.

Month acquired	Acquisitions	Business area	Sales/SEK million*	No. of employees*
January	Techno Skruv i Värnamo AB	Industrial Components	70	14
	Corona Control AB	Flow Technology	50	12
	AxMediTec Sp.Z o.o	Industrial Components	70	52
February	Lekang Group	Special Products	200	56
March	Stålprofil PK AB	Special Products	70	18
			<b>460</b>	<b>152</b>

\*Estimated annual sales and number of employees at the time of acquisition.

In addition the construction plastics business was acquired from Metallcenter Sverige AB with annual sales of SEK 6 million. The business is part of the Special Products business area.

Further information about company acquisitions can be found on page 13 in this interim report.

### PARENT COMPANY

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control and analysis. The Parent Company's sales, which consist exclusively of inter-company invoicing of services, amounted to SEK 0 (0). The Parent Company's capital expenditures in property, plant and equipment totalled SEK 0 (0). The number of employees on 31 March was 9 (8).

### RISKS AND UNCERTAINTIES

The Indutrade Group conducts business in 18 countries on four continents, through some 120 companies. This spread, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. In addition to the risks and uncertainties described in Indutrade's 2009 Annual Report, no significant risks or uncertainties are judged to have emerged or been eliminated. Since the Parent Company is responsible for the Group's financing, it is subject to financing risk.

The Parent Company's other activities are not subject to risks other than indirectly via subsidiaries. For a more detailed report on risks that affect the Group and Parent Company, please see the 2009 Annual Report.

## RELATED-PARTY TRANSACTIONS

No transactions took place during the year between Indutrade and related parties, which have significantly affected the Company's financial position or result of operations.

## ACCOUNTING PRINCIPLES

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1.3. The Parent Company applies RFR 2.3. The same accounting policies and calculation methods are used in this report as those used in Indutrade's 2009 Annual Report and described under the section "Accounting principles and notes".

Effective 1 January 2010 the Indutrade Group applies two revised standards: IAS 27R: Consolidated and Separate Financial Statements, and IFRS 3R: Business Combinations. The new rules apply for acquisitions completed after 1 January 2010. For Indutrade, these revisions entail that transaction costs may no longer be capitalised, but must be reported through profit or loss under Other income and expenses in the income statement. Any revaluations of conditional earn-out payments will be reported in the income statement for acquisitions carried out after 1 January 2010.

The amendments to IFRS 3 are in conflict with the Swedish Annual Accounts Act, which is why transaction costs will continue to be capitalised and be included in the cost of shares and participations in the Parent Company. Apart from these two revised standards, there are no other IFRSs or IFRIC interpretations that will be applicable for Indutrade or have any material impact on the Group's result of operations or financial position.

## FINANCIAL CALENDAR

The Annual General Meeting will be held in Stockholm on 29 April 2010.

The interim report for the period 1 January - 30 June 2010 will be published on 4 August 2010.

The interim report for the period 1 January - 30 September 2010 will be published on 2 November 2010.

Stockholm, 29 April 2010  
Indutrade AB (publ)

Johnny Alvarsson  
President and CEO

This report has not been reviewed by the Company's auditors.

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## NOTE

The information provided herein is such that Indutrade AB (publ) is obligated to disclose pursuant to the Securities and Clearing Operations Act (SFS 1992:543) and/or the Financial Instruments Trading Act (SFS 1991:980). Submitted for publication at 10.30 a.m. 29 April 2010.

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## Further information

For further information, please contact:

Johnny Alvarsson, President and CEO, phone +46 8 703 03 00 or +46 70 589 17 95.

This report will be commented upon as follows:

- a web conference today at 2 p.m. which can be followed at the following link:  
<https://www.anywhereconference.com/?Conference=108242538&PIN=375728>.  
Participants please call +44 207 750 9950 (UK), +46 8 506 269 30 (SE) or +1 8666 765 870 (US).
- a film version at the following links:  
<http://www.indutrade.se>  
<http://www.stockontv.se>



## INDUTRADE CONSOLIDATED INCOME STATEMENT

- CONDENSED

SEK million	2010 Jan-Mar	2009 Jan-Mar	2009/10 Moving 12 mos	2009 Jan-Dec
Net Sales	1,527	1,731	6,067	6,271
Cost of goods sold	-1,012	-1,169	-4,050	-4,207
<b>Gross profit</b>	<b>515</b>	562	2,017	2,064
Development costs	-11	-12	-43	-44
Selling costs	-294	-316	-1,147	-1,169
Administrative expenses	-88	-88	-323	-323
Other operating income and expenses	2	-2	1	-3
<b>Operating profit</b>	<b>124</b>	144	505	525
Net financial items	-8	-15	-57	-64
<b>Profit after financial items</b>	<b>116</b>	129	448	461
Income Tax	-30	-34	-116	-120
<b>Net profit for the period attributable to equity holders of the parent company</b>	<b>86</b>	95	332	341
<i>Operating profit includes:</i>				
Amortisation of intangible assets	-20	-17	-72	-69
Depreciation of property, plant and equipment	-23	-22	-90	-89
Operating profit before amortisation/impairment of intangible assets (EBITA)	<b>144</b>	161	577	594
Earnings per share for the period <sup>1)</sup>	<b>2.15</b>	2.38	8.30	8.53

<sup>1)</sup> Earnings for the period divided by 40,000,000 shares. There is no dilutive effect.

## INDUTRADE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Net profit for the period</b>	<b>86</b>	95	332	341
<b>Other comprehensive income</b>				
Actuarial gains/losses	-	-	12	12
Tax on actuarial gains/losses	-	-	-3	-3
Exchange rate differences	-55	21	-123	-47
<b>Other comprehensive income for the period, net of tax</b>	<b>-55</b>	21	-114	-38
<b>Total comprehensive income for the period</b>	<b>31</b>	116	218	303

## BUSINESS AREA PERFORMANCE

	<b>2010</b>	2009	2009/10	2009
<b>Net sales, SEK million</b>	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>305</b>	420	1,454	1,569
Flow Technology	<b>383</b>	428	1,644	1,689
Industrial Components	<b>340</b>	323	1,180	1,163
Special Products	<b>505</b>	568	1,814	1,877
Parent company and Group items	<b>-6</b>	-8	-25	-27
	<b>1,527</b>	1,731	6,067	6,271

	<b>2010</b>	2009	2009/10	2009
<b>EBITA, SEK million</b>	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>14</b>	17	80	83
Flow Technology	<b>30</b>	40	176	186
Industrial Components	<b>28</b>	20	80	72
Special Products	<b>82</b>	94	276	288
Parent company and Group items	<b>-10</b>	-10	-35	-35
	<b>144</b>	161	577	594

	<b>2010</b>	2009	2009/10	2009
<b>EBITA margin, %</b>	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>4.6%</b>	4.0%	6.2%	5.3%
Flow Technology	<b>7.8%</b>	9.3%	10.9%	11.0%
Industrial Components	<b>8.2%</b>	6.2%	6.7%	6.2%
Special Products	<b>16.2%</b>	16.5%	15.7%	15.3%
	<b>9.4%</b>	9.3%	9.8%	9.5%

## INDUTRADE CONSOLIDATED BALANCE SHEET

## - CONDENSED

<b>SEK million</b>	<b>2010</b>	2009	2009
	<b>31 Dec</b>	31 Dec	31 Dec
Goodwill	<b>681</b>	579	514
Other intangible assets	<b>701</b>	590	555
Property, plant and equipment	<b>606</b>	555	563
Financial assets	<b>47</b>	51	48
Inventories	<b>1,071</b>	1,204	1,064
Accounts receivable, trade	<b>1,040</b>	1,199	901
Other receivables	<b>196</b>	166	125
Cash and cash equivalents	<b>241</b>	257	229
<b>Total assets</b>	<b>4,583</b>	4,601	3,999
Equity	<b>1,675</b>	1,713	1,644
Long-term borrowings and pension liabilities	<b>837</b>	692	781
Other non-current liabilities	<b>189</b>	427	224
Short-term borrowings	<b>733</b>	666	375
Accounts payable, trade	<b>468</b>	536	424
Other current liabilities	<b>681</b>	567	538
<b>Total equity and liabilities</b>	<b>4,583</b>	4,601	3,999

## CHANGE IN GROUP EQUITY

## - CONDENSED

## Attributable to equity holders of the parent company

<b>SEK million</b>	<b>2010</b>	2009	2009
	<b>Jan-Mar</b>	Jan-Mar	Jan-Dec
<b>Opening equity</b>	<b>1,644</b>	1,597	1,597
Total comprehensive income for the period	<b>31</b>	116	303
Dividend	<b>-.<sup>1)</sup></b>	-	-256 <sup>2)</sup>
<b>Closing equity</b>	<b>1,675</b>	1,713	1,644

<sup>1)</sup> Proposed dividend 2010 SEK 4.30 per share.

<sup>2)</sup> SEK 6.40 per share.

## INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

## - CONDENSED

<b>SEK million</b>	<b>2010</b>	2009	2008/09	2008
	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Cash flow from operating activities				
before change in working capital	<b>115</b>	96	457	438
Change in working capital	<b>-58</b>	-133	195	120
<b>Cash flow from operating activities</b>	<b>57</b>	-37	652	558
Net capital expenditures in non-current assets	<b>-16</b>	-19	-87	-90
Company acquisitions and divestments	<b>-365</b>	-79	-474	-188
Change in other financial assets	<b>0</b>	0	0	0
<b>Cash flow from investing activities</b>	<b>-381</b>	-98	-561	-278
Net borrowings	<b>344</b>	165	167	-12
Dividend paid out	<b>-</b>	-	-256	-256
<b>Cash flow from financing activities</b>	<b>344</b>	165	-89	-268
Cash flow for the period	<b>20</b>	30	2	12
Cash and cash equivalents at start of period	<b>229</b>	223	257	223
Exchange rate differences	<b>-8</b>	4	-18	-6
<b>Cash and cash equivalents at end of period</b>	<b>241</b>	257	241	229

## KEY DATA

	<b>2010</b>	2009	2009/10	2009
	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales, SEK million	<b>1,527</b>	1,731	6,067	6,271
Sales growth, %	<b>-11.8</b>	13.5	-13.5	-7.5
EBITA, SEK million	<b>144</b>	161	577	594
EBITA margin, %	<b>9.4</b>	9.3	9.5	9.5
Operating capital, SEK million	<b>3,004</b>	2,814	3,004	2,584
Return on operating capital, % (12 months)	<b>20.9</b>	33.2	20.9	22.2
Interest-bearing net debt, SEK million	<b>1,329</b>	1,101	1,329	940
Net debt/equity ratio, %	<b>79.3</b>	64.3	79.3	57.2
Equity ratio, %	<b>36.5</b>	37.2	36.5	41.1
<b>Key ratios per share <sup>1)</sup></b>				
Earnings per share, SEK	<b>2.15</b>	2.38	8.30	8.53
Equity per share, SEK	<b>41.88</b>	42.83	41.88	41.10
Cash flow from operating activities per share, SEK	<b>1.43</b>	-0.93	16.30	13.95

1) Based on 40,000,000 shares which corresponds to the number of shares outstanding during all periods in the table. There is no dilutive effect.

## ACQUISITIONS

### Acquisitions 2010

All of the shares were acquired in Techno Skruv i Värnamo AB, Corona Control AB, AxMediTec Sp.z o.o, Poland, Lekang Group (Filterteknik Sverige AB, Lekang Maskin AS, Norway, Filterteknik A/S, Denmark), Stålprofil PK AB and Stålprofil PK Invest AB. In addition the construction plastics business was acquired from Metallcenter Sverige AB.

### Flow Technology

Corona Control AB with companies in Sweden and Norway has annual sales of approximately SEK 50 million and is a total supplier of solutions for industrial valves. Customers are in the petrochemical, offshore, chemical, energy, pulp and paper, steel, food and pharmaceutical industries, among others. The company is consolidated in the Group as from 1 January 2010.

### Industrial Components

Techno Skruv i Värnamo AB with annual sales of approximately SEK 70 million has a strong market position in the area of customer specific fasteners and mechanical components. Their customers are in the engineering, energy and vehicle industry. The company is consolidated in the Group as from 1 January 2010. AxMediTec Sp. Z o.o with annual sales of approximately SEK 70 million is specialised primarily in sales of medical technology equipment used for healthcare applications in operating rooms, intensive care wards, emergency wards, and cardio and neonatal units. The company is consolidated in the Group as from 1 January 2010.

### Special Products

The Lekang Group, with annual sales of approximately SEK 200 million, is specialised in products and services, mainly in filtration of fluids, for all types of industrial companies in Scandinavia. The Group is consolidated in Indutrade as from 1 February 2010. Stålprofil PK AB with annual sales of approximately SEK 70 million is a system supplier of profile systems for glazed door, window and wall sections with high standards with respect to fire safety, bullet-proofing, burglary protection and energy optimisation. The products are sold mainly in Scandinavia, but also in Europe, the USA and Russia. The company is consolidated in the Group as from 1 March 2010. The construction plastics business involves the sale of semi-finished products primarily to customers in the pharmaceutical, energy and engineering industries. The business has annual sales of SEK 6 million and is consolidated in the Group as from 1 January 2010.

### Acquired assets in Techno Skruv i Värnamo AB, Corona Control AB, AxMediTec Sp. Z o.o, Lekang Group, Stålprofil PK AB and Stålprofil PK Invest AB .

#### *Preliminary purchase price allocation*

SEK million

Purchase price, incl. earn-out payment **397**

	Book value	Fair value adjustment	Fair value
Acquired assets			
Goodwill	-	180	180
Agencies, trademarks, customer relations, licences, etc.	-	176	176
Property, plant and equipment	59	-	59
Financial assets	1	-	1
Inventories	83	-	83
Other current assets	69	-	69
Cash and cash equivalents	33	-	33
Deferred tax liability	-4	-46	-50
Interest-bearing loans and pension liabilities	-80	-	-80
Other operating liabilities	-74	-	-74
	<b>87</b>	<b>310</b>	<b>397</b>

Agencies, customer relations, licenses etc will be amortised over a 10-year period.

Indutrade normally uses an acquisition structure with a base level of consideration plus a conditional earn-out payment. Initially, the earn-out payment is valued at the present value of the most probable payment, which for the acquisitions made during the year to date is SEK 62 million. The earn-out payments fall due for payment within two years, and the maximum outcome can be SEK 66 million. If the conditions are not met, the outcome can be zero.

Transaction costs for the acquisitions carried out during the first quarter amounted to SEK 1 million and are included in Other income and expenses in the income statement. No revaluation of conditional earn-out payments has been made to date.

### Cash flow impact

Purchase price, incl. earn-out payment	397
Purchase price not paid out	-62
Cash and cash equipment in acquired companies	-33
Earn-out payments pertaining to previous years' acquisitions	63
<b>Total cash flow impact</b>	<b>365</b>

### Effect of completed acquisitions 2009 and 2010

SEK million		Net sales	EBITA
Business area	Company	Jan-Mar	Jan-Mar
	Ingenjörfirman Rossing & Jansson AB and Corona		
Flow Technology	Control Group	9	1
Industrial	Dominator Pump AB, AxMediTec Group and Techno		
Components	Skruv i Värnamo AB	36	6
	Flintec Brasil Ltda, Key Valves Technologies Ltd.,		
	Filtertechnik AB, Lekang AS, Filtertechnik A/S, Strålprofil		
Special Products	PK Invest AB and Stålprofil PK AB	73	18
<b>Effect on Group</b>		<b>118</b>	<b>25</b>
Acquisitions carried out in 2009		38	10
Acquisitions carried out in 2010		80	15
<b>Effect on Group</b>		<b>118</b>	<b>25</b>

If the acquired units had been consolidated as from 1 January 2010, net sales for the year would have amounted to SEK 1,553 million and EBITA would have been SEK 147 million.

## PARENT COMPANY INCOME STATEMENT

## - CONDENSED

<b>SEK million</b>	<b>2010</b>	2009	2009/10	2009
	<b>Jan-Mar</b>	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales	-	-	1	1
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
Administrative expenses	<b>-10</b>	-9	-35	-34
Other income and expenses	<b>0</b>	1	-2	-1
<b>Operating profit</b>	<b>-10</b>	-8	-36	-34
Financial income/expenses	<b>7</b>	-12	-9	-28
Profit from participation in Group companies	-	-	378	378
<b>Profit after financial items</b>	<b>-3</b>	-20	333	316
Appropriations	-	-	13	13
Income Tax	<b>0</b>	0	-40	-40
<b>Net profit for the period</b>	<b>-3</b>	-20	306	289
Depreciation of property, plant and equipment	<b>0</b>	0	-1	-1

## PARENT COMPANY BALANCE SHEET

## - CONDENSED

<b>SEK million</b>	<b>2010</b>	2009	2009
	<b>31 Dec</b>	31 Dec	31 Dec
Intangible assets	<b>2</b>	1	2
Property, plant and equipment	<b>2</b>	2	2
Financial assets	<b>1,680</b>	1,514	1,332
Current receivables	<b>746</b>	681	655
Cash and cash equivalent	<b>19</b>	15	41
<b>Total assets</b>	<b>2,449</b>	2,213	2,032
Equity	<b>878</b>	828	881
Untaxed reserves	<b>1</b>	14	1
Non-current liabilities	<b>459</b>	470	420
Non-current provisions	<b>7</b>	202	83
Current provisions	<b>147</b>	15	68
Current interest-bearing liabilities	<b>900</b>	594	525
Current noninterest-bearing liabilities	<b>57</b>	90	54
<b>Total equity and liabilities</b>	<b>2,449</b>	2,213	2,032

## DEFINITIONS

<b>Earnings per share</b>	Net profit for the period divided by the average number of shares outstanding.
<b>EBITA</b>	Operating profit before amortisation of intangible assets.
<b>EBITA margin</b>	EBITA as a percentage of net sales for the period.
<b>Equity ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Gross margin</b>	Gross profit divided by net sales.
<b>Intangible assets</b>	Goodwill, agencies, trademarks, customer lists, licences and leaseholds.
<b>Interest-bearing net debt</b>	Interest-bearing liabilities, incl. Pension liability less cash and cash equivalents.
<b>Net capital expenditures</b>	Purchases less sales of intangible assets, and of property, plant and equipment, excluding those included in acquisitions and divestments of subsidiaries and operations.
<b>Net debt/equity ratio</b>	Interest-bearing net debt divided by shareholders' equity.
<b>Operating capital</b>	Interest-bearing net debt and shareholders' equity.
<b>Property, plant and equipment</b>	Buildings, land, machinery and equipment.
<b>Return on operating capital</b>	EBITA as a percentage of average operating capital per quarter.

## Indutrade in brief

Indutrade markets and sells components, systems and services with high-tech content to industrial customers in selected niches. The Group creates value for its customers by structuring the value chain and increasing the efficiency of its customers' use of technological components and systems. For the Group's suppliers, value is created through the offering of an efficient sales organisation with high technical expertise and solidity developed customer relations.

Indutrade's business is distinguished by the following factors, among others:

- High-tech products for recurring needs
- Growth through a structured and tried-and-tested acquisition strategy
- A decentralised organisation characterised by an entrepreneurial spirit.

The Group is structured into four business areas:

Engineering & Equipment, Flow Technology, Industrial Components and Special Products.

The Group's financial targets are (per year across a business cycle) to grow 10%, reach a minimum EBITA margin of 10% and return on operating capital of 25%.

Indutrade is listed on Nasdaq OMX Stockholm.