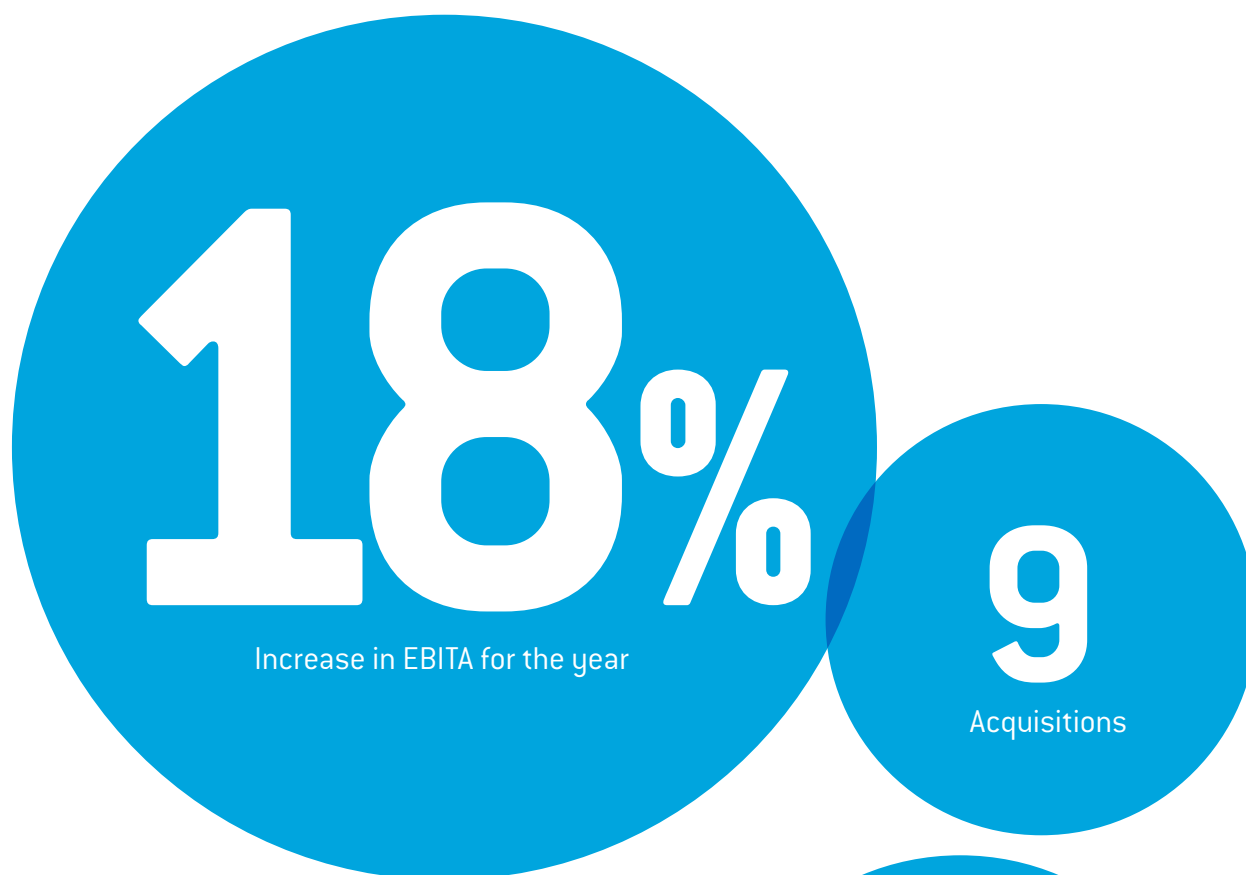


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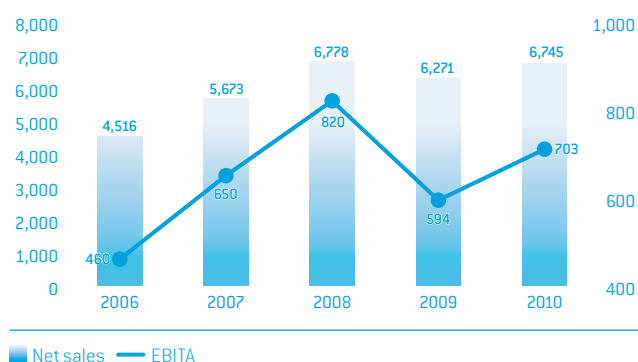
YEAR IN BRIEF

- Net sales amounted to SEK 6,745 million (6,271), an increase of 8%. The increase for comparable units was 3%.
- Operating profit before amortisation of intangible assets (EBITA) rose 18% to SEK 703 million (594).
- Earnings per share were SEK 10.18 (8.53).
- Nine acquisitions were carried out.
- The Board of Directors proposes a dividend of SEK 5.10 per share (4.30).

"The acquisition of the Abima Group in Switzerland, with annual sales of SEK 400 million, gives us a good platform for further expansion into Central Europe."

Johnny Alvarsson, President and CEO

NET SALES AND EARNINGS TRENDS, SEK MILLION



KEY RATIOS

	2010	2009
Net sales, SEK million	6,745	6,271
EBITA, SEK million	703	594
EBITA margin, %	10.4	9.5
Profit for the year after tax	405	341
Return on operating capital, %	23	22
Average number of employees	3,420	3,122

INDUTRADE AT A GLANCE

Indutrade is a group comprising more than 150 companies in 25 countries in four parts of the world. The business has two main focuses – industrial technology sales and companies that manufacture their own products.

Sales in 2010 totalled SEK 6,745 million, with an EBITA margin of 10.4%. The average number of employees was 3,420.

The Group's fundamental governing principle is based on decentralisation of decision-making as well as of responsibility. The organisation is distinguished by entrepreneurship and technical niche expertise combined with a well-balanced spread of risk with respect to customers, products, suppliers, industries and geographic markets.

A considerable share of the Group's growth is derived from company acquisitions, and future growth is also expected to be achieved in large part through acquisitions.

STRATEGY

- Growth with limited business risk
- Strong market positions
- Long-term partnerships with leading suppliers
- Companies with proprietary products and brands
- High share of repetitive sales and focus on selected segments
- Sales organisation with high technical expertise
- Decentralised organisation with strong local ties

MISSION

Indutrade markets, manufactures and sells components, systems and services with a high-tech content in selected niches. Through in-depth knowledge about customers' systems and processes and a high level of technical expertise, Indutrade strives to be the most effective partner for its customers and suppliers.

OVERALL GOALS

Indutrade strives to continuously grow in selected geographic markets, product areas and niches with limited business risk. Growth is pursued organically as well as through acquisitions.

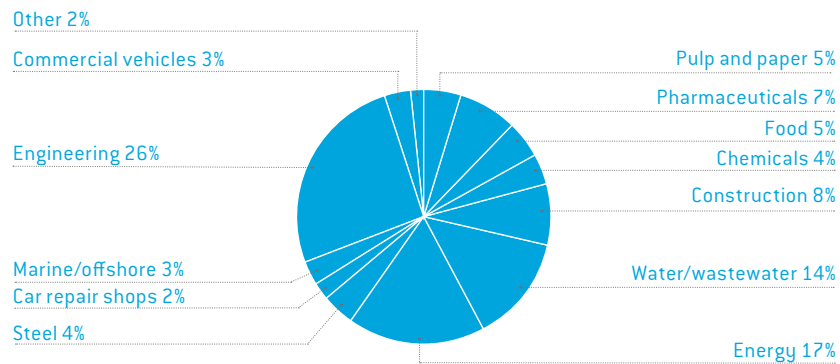
FINANCIAL TARGETS

Over a business cycle, to achieve:

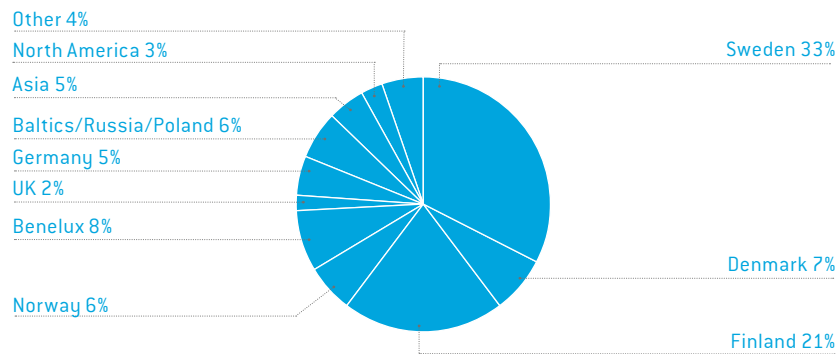
- annual sales growth of 10%
- a minimum EBITA margin of 10%
- return on operating capital in excess of 25%.

The net debt/equity ratio should normally not exceed 100%.

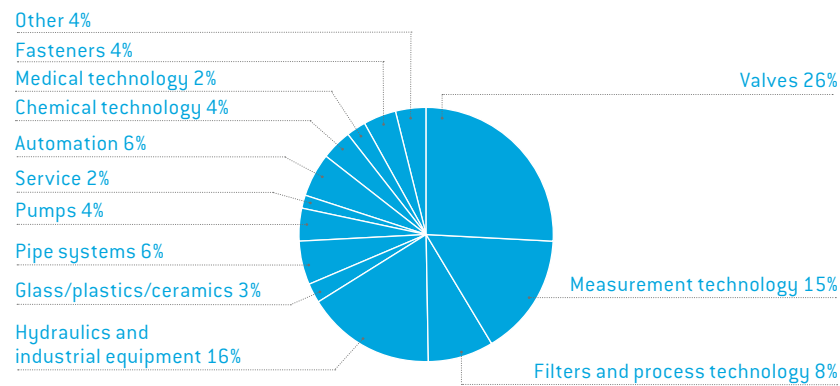
NET SALES PER CUSTOMER SEGMENT



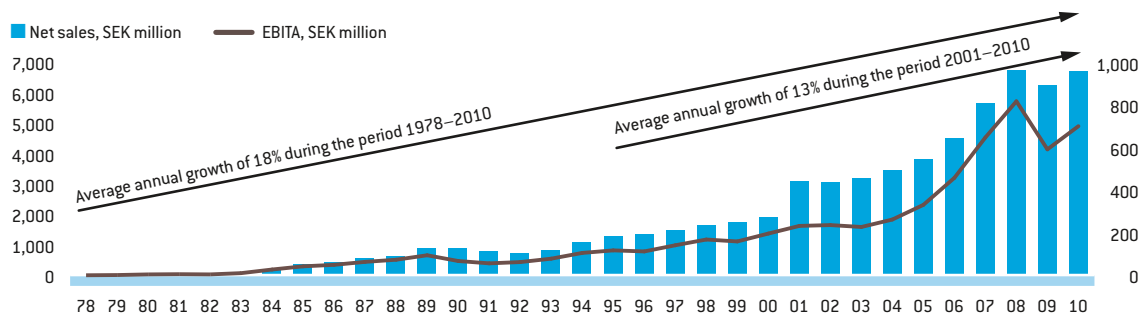
NET SALES PER MARKET



NET SALES PER PRODUCT AREA



EARNINGS AND GROWTH HISTORY



SHARE DATA

Indutrade's shares are listed on Nasdaq OMX Stockholm, Mid Cap list. Indutrade's market capitalisation on 31 December 2010 was SEK 9,280 million (5,400).

Indutrade's share price rose 72% for the year, from SEK 135.00 to SEK 232.00 per share. The Stockholm Stock Exchange gained 23% for the year, and the OMX Industrials index rose 48%. Including reinvested dividends, the total return for Indutrade shares was 77%. The highest price paid during the year was on 30 December (SEK 234.00), and the lowest price paid was on 4 January (SEK 134.50). Since the stock market introduction on 5 October 2005, Indutrade's shares have delivered a total return of 276% including reinvested dividends, while the SIX Return Index, which measures the total return of the market as a whole, showed a total return of 59% during the same period.

TRADING VOLUME

Trading in Indutrade shares increased in 2010. A total of 9.4 million (8.5) Indutrade shares were traded for a combined value of SEK 0.9 billion (0.9). This corresponds to a turnover rate of 24% (21%). Average daily trading volume was 37,315 shares (33,964), with an average of 93 transactions (69) in Indutrade shares per trading day.

SHARE CAPITAL

Indutrade's share capital amounted to SEK 40 million on 31 December 2010 (40), divided among 40,000,000 shares (40,000,000) with a share quota value of SEK 1. All shares have equal voting power.

OWNERSHIP STRUCTURE

Indutrade had 5,388 shareholders on 31 December 2010 (5,369). At year-end the ten largest owners controlled 76% of the capital and votes (76%). Swedish legal entities, including institutions such as insurance companies and mutual funds, owned 84% of the capital and votes at year-end (84%). Foreign ownership in the Company was 9% (8%).

INCENTIVE PROGRAMME

In connection with Indutrade's stock market introduction in 2005, in co-operation with AB Industrivärden, senior executives were offered to participate in an incentive programme that expired in June 2010.

In May 2010, the Board of Directors of Indutrade, in co-operation with AB Industrivärden and pursuant to a resolution by the Annual General Meeting, directed an offer to senior executives to participate in a new incentive programme. The aim of the programme is to promote management's long-term commitment and engagement in the Company. The term of the programme extends until 31 October 2013.

Forty-nine senior executives have acquired a combined total of 358,000 stock options, issued by AB Industrivärden, and 10,000 shares. Indutrade pays a subsidy of SEK 22 for every purchased stock option and share under the condition that the participants continue to be employed and that they have not sold their purchased stock options/shares at the time of payment of the subsidy. The subsidy will be paid by Indutrade to the participants

on two occasions in two equal parts, in December 2011 and June 2013. The total cost for the Company will amount to approximately SEK 9 million, corresponding to approximately SEK 3 million per year.

DIVIDEND AND DIVIDEND POLICY

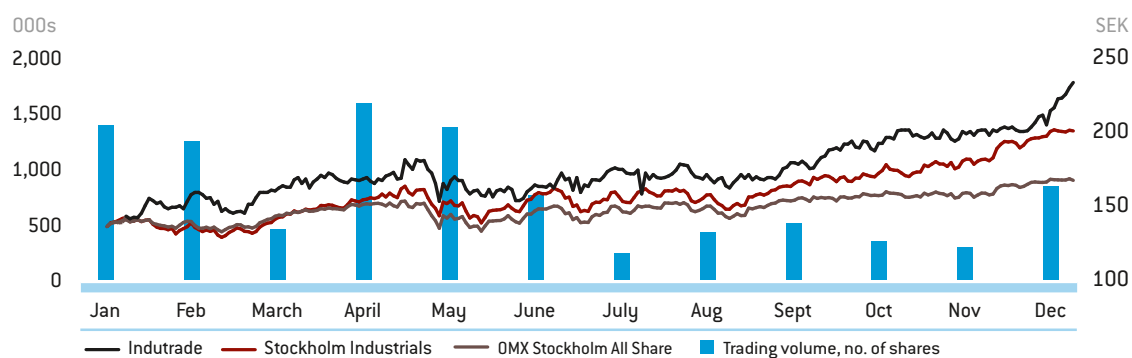
The Board's goal is to provide the shareholders an attractive dividend yield and high dividend growth. The goal is that over time, the dividend will amount to a minimum of 50% of net profit. During the last five-year period, of Indutrade's aggregate profit after tax, totalling SEK 1,975 million, dividends of SEK 992 million have been paid to the shareholders (including the proposed dividend for 2010), which corresponds to a dividend of 50%.

CONTACTS WITH INVESTORS AND ANALYSTS

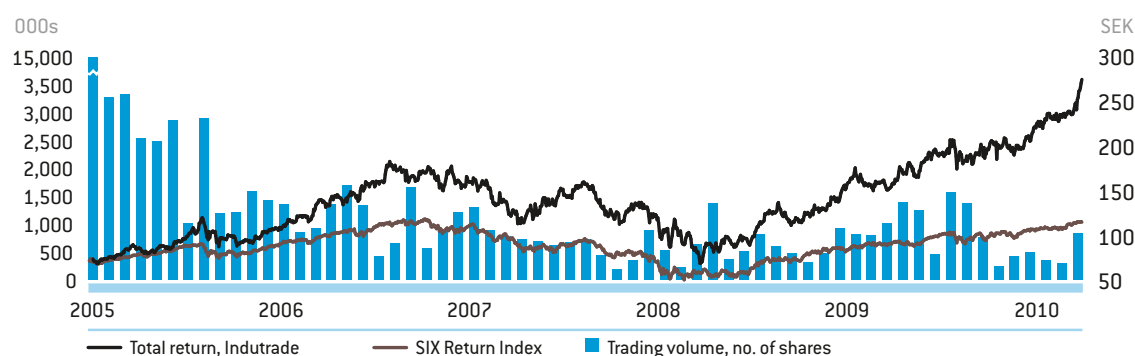
Indutrade maintains regular contact with various players in the financial market in an effort to provide clear information about the Company's performance and events. This is done, among other things, through presentations in connection with quarterly reports and through participation in conferences and seminars.

For more information about IR activities and the analysts who monitor Indutrade, visit www.indutrade.com.

SHARE PRICE TREND 2010



TOTAL RETURN FOR INDUTRADE SHARES SINCE STOCK MARKET INTRODUCTION IN 2005



10 LARGEST SHAREHOLDERS AT 31 DECEMBER 2010

	No. shares	Share of capital and votes, %
AB Industrivärden	14,727,800	36.8
L E Lundbergföretagen	5,500,000	13.8
AFA Insurance	4,700,850	11.8
Handelsbanken Pension Fund	1,469,300	3.7
Nordea Investment funds	1,300,440	3.3
KDTC	750,000	1.9
SEB Investment Management	559,979	1.4
Handelsbanken funds	513,687	1.3
Handelsbanken Pension Foundation	400,000	1.0
Swedbank Robur funds	394,285	1.0
Others	9,683,659	24.2

SHAREHOLDERS GROUPED BY SIZE

Size class	No. shareholders	Share of capital and votes, %
1 – 500	3,654	2.0
501 – 1 000	844	1.7
1,001 – 2,000	399	1.6
2,001 – 5,000	266	2.2
5,001 – 10,000	81	1.6
10,001 – 20,000	56	2.0
20,001 – 50,000	29	2.4
50,001 – 100,000	26	4.9
100,001 – 500,000	27	14.4
500,001 – 1,000,000	2	3.6
1,000,001 – 5,000,000	2	13.0
5,000,001 – 10,000,000	1	13.8
10,000,001 –	1	36.8

KEY DATA PER SHARE

	2010
Share price per 31 December, SEK	232.00
Market capitalisation per 31 December, SEK M	9,280
Dividend ¹⁾ , SEK	5.10
Earnings, SEK	10.18
Number of shares outstanding, thousands	40,000
Number of shareholders on 31 December	5,388
Highest price paid during the financial year, SEK	234.00
Lowest price paid during the financial year, SEK	134.50
Dividend yield ²⁾ , %	2.2
Shareholders' equity, SEK	43.55
Cash flow from operating activities, SEK	16.40

¹⁾ Proposed by the Board of Directors.

²⁾ Dividend divided by the share price on 31 December.

SEVERAL-YEAR OVERVIEW

Figures for 2001–2003 not adjusted according to IFRS.

CONDENSED INCOME STATEMENTS (SEK M)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales	6,745	6,271	6,778	5,673	4,516	3,822	3,486	3,197	3,078	3,109
Cost of goods sold	-4,480	-4,207	-4,520	-3,826	-3,027	-2,582	-2,367	-2,166	-2,083	-2,123
Development costs	-48	-44	-32	-20	-15	-12	-11	-10	-9	-9
Selling costs	-1,224	-1,169	-1,169	-972	-835	-725	-677	-663	-642	-623
Administrative expenses	-376	-323	-299	-250	-205	-182	-177	-167	-149	-157
Other operating income/expenses	-3	-3	2	4	2	3	0	4	7	0
Operating profit	614	525	760	609	436	324	256	195	202	197
Financial income and expenses	-61	-64	-68	-31	-20	-15	-13	-13	-21	-21
Profit after financial items	553	461	692	578	416	309	243	182	181	176
Tax	-148	-120	-182	-159	-116	-87	-75	-67	-67	-64
Net profit for the year	405	341	510	419	300	222	168	115	114	112
EBITA	703	594	820	650	460	333	264	229	238	234
EBITA margin, %	10.4	9.5	12.1	11.5	10.2	8.7	7.6	7.2	7.7	7.5

CONDENSED BALANCE SHEETS (SEK M)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ASSETS										
Goodwill	712	514	574	378	265	210	156	167	133	166
Other intangible assets	761	555	599	364	183	88	15	4	4	5
Property, plant and equipment	657	563	554	388	327	287	277	266	255	225
Financial assets	50	48	52	43	25	31	18	13	19	20
Inventories	1,183	1,064	1,207	936	719	615	556	567	571	625
Current receivables	1,211	1,026	1,202	959	748	585	517	480	447	468
Cash and cash equivalents	219	229	223	203	119	117	97	168	172	213
TOTAL ASSETS	4,793	3,999	4,411	3,271	2,386	1,933	1,636	1,665	1,601	1,722
LIABILITIES AND EQUITY										
Equity	1,744	1,644	1,597	1,189	892	714	708	688	643	611
Long-term borrowing and pension obligations	893	794	705	347	356	411	175	283	449	545
Other non-current liabilities	277	224	373	321	123	48	24	39	25	19
Short-term borrowing	716	375	490	383	236	116	204	188	42	82
Accounts payable – trade	493	424	584	470	398	322	263	228	225	227
Other current liabilities	670	538	662	561	381	322	262	239	217	238
TOTAL LIABILITIES AND EQUITY	4,793	3,999	4,411	3,271	2,386	1,933	1,636	1,665	1,601	1,722

CONDENSED CASH FLOW STATEMENTS (SEK M)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cash flow from operating activities before changes in working capital	616	438	619	526	369	313	251	210	210	201
Changes in working capital	40	120	-129	-127	-104	9	16	-8	44	-66
Cash flow from operating activities	656	558	490	399	265	322	267	202	254	135
Net investment in non-current assets ¹⁾	-111	-90	-130	-67	-41	-41	-24	-53	-77	-46
Company acquisitions and divestments	-684	-188	-276	-307	-157	-148	-14	-57	6	-343
Change in other financial assets	0	0	0	1	-16	-8	2	-	13	2
Cash flow from investing activities	-795	-278	-406	-373	-214	-197	-36	-110	-58	-387
Net borrowing	321	-12	131	203	65	192	-157	-83	-91	340
Dividend payout, Group contributions and shareholder contributions	-172	-256	-210	-150	-110	-301	-144	-11	-144	-1
Cash flow from financing activities	149	-268	-79	53	-45	-109	-301	-94	-235	339
Cash flow for the year	10	12	5	79	6	16	-70	-2	-39	87
Cash and cash equivalents at start of year	229	223	203	119	117	97	168	172	213	119
Exchange rate differences	-20	-6	15	5	-4	4	-1	-2	-2	7
Cash and cash equivalents at end of year	219	229	223	203	119	117	97	168	172	213

¹⁾Refers to the sum of the year's investments/divestments of property, plant and equipment and intangible non-current assets (not including company acquisitions and divestments).

FINANCIAL METRICS (SEK M)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Non-current interest-bearing liabilities	893	794	705	470	356	411	175	283	449	545
Current interest-bearing liabilities	716	375	490	383	236	116	204	188	42	82
Cash and cash equivalents	-219	-229	-223	-203	-119	-117	-97	-168	-172	-213
Group net debt	1,390	940	972	650	473	410	282	303	319	414
Net debt/equity ratio, %	80	57	61	55	53	57	40	44	50	68
Interest coverage ratio	9.4	7.6	10.4	15.8	18.4	18.2	16.3	10.7	7.8	6.6
Equity ratio, %	36	41	36	36	37	37	43	41	40	35

RETURN RATIOS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Return on equity, %	24	21	38	41	39	33	24	17	18	23
Return on operating capital, %	23	22	37	40	35	30	26	24	24	29

KEY DATA PER EMPLOYEE	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Average number of employees	3,420	3,122	2,728	1,929	1,673	1,510	1,415	1,377	1,351	1,375
Net sales, SEK 000	1,972	2,009	2,485	2,941	2,699	2,531	2,464	2,322	2,278	2,261
Pre-tax profit, SEK 000	162	148	254	300	249	205	172	132	134	128

DEFINITIONS

Earnings per share:

Net profit for the period divided by the number of shares outstanding.

EBITA:

Operating profit before amortisation of intangible assets.

EBITA margin:

EBITA divided by net sales.

Equity per share:

Equity divided by the number of shares outstanding.

Equity ratio:

Equity divided by total assets.

Gross margin:

Gross profit divided by net sales.

Interest-bearing net debt:

Interest-bearing liabilities, including pension liabilities, less cash and cash equivalents.

Interest coverage ratio:

Operating profit plus financial income divided by financial expenses.

Investments:

Gross investments in property, plant and equipment, excluding company acquisitions.

Net debt/equity ratio:

Net debt divided by equity.

Operating capital:

Equity plus interest-bearing net debt.

Operating cash flow:

Cash flow from operating activities and net investments in non-current assets (not including company acquisitions and divestments).

Return on equity:

Net profit for the period divided by average equity per quarter.

Return on operating capital:

EBITA divided by average operating capital per quarter.

DIRECTORS' REPORT

The Board of Directors and President of Indutrade AB (publ), reg. no. 556017-9367, herewith submit the annual report for the 2010 financial year.

OPERATIONS

Indutrade markets and sells components, systems and services with a high-tech content to industrial companies in selected niches. Through solid knowledge about customers' systems and processes, combined with a high level of technical expertise, Indutrade aspires to be the most effective partner for customers and suppliers alike.

The Group is organised in four business areas: Engineering & Equipment, Flow Technology, Industrial Components and Special Products. Business is conducted through approximately 150 subsidiaries in 25 countries in four parts of the world. Indutrade's shares are listed on Nasdaq OMX Stockholm, Mid Cap list.

OVERALL GOALS

The Group strives to continuously grow in selected geographic markets, product areas and niches with limited business risk. Growth is pursued organically as well as through acquisitions. The Group's overall goals for creating profitable growth are to be the leading technology sales group in northern Europe in terms of net sales, profitability and technical expertise as well as an international group with proprietary products and brands. The technical sales companies conduct sales mainly to customers in the local market while the manufacturing companies' sales are mainly for export.

FINANCIAL TARGETS

- Average sales growth shall amount to 10% per year over a business cycle, of which organic growth is to exceed GDP growth in the geographic markets in which Indutrade operates. The remaining growth is to be achieved through acquisitions. Since Indutrade's stock market introduction in 2005, the Group's net sales have increased from SEK 3,486 million to SEK 6,745 million, corresponding to average annual sales growth of 14%. Net sales in 2010 rose 8%, of which organic growth was 3% and acquired growth was approximately 11%. The currency effect in 2010 was -6%.
- In February 2010 the Board of Directors decided to raise the target EBITA margin to a minimum of 10% per year over a business cycle (8%). The average EBITA margin during the last five years (2006–2010) was 10.7%. The EBITA margin in 2010 was 10.4%.
- Return on operating capital shall exceed 25% on average per year over a business cycle. During the last five years (2006–2010), the average return on operating capital was 31%. In 2010 the return was 23%.
- The net debt/equity ratio should normally not exceed 100%. During the last five years (2006–2010), the net debt/equity ratio varied between 53% and 80%. The net debt/equity ratio at year-end 2010 was 80%.

STRATEGIES

To achieve these targets, Indutrade has adopted the following strategies:

Growth with limited business risk

Growth will be pursued in three dimensions:

- In new and existing technology areas
- Through a broadened customer offering, such as extended support, training and other aftermarket services
- Geographically in selected markets.

Growth is to be achieved organically as well as through acquisitions. In pace with Indutrade's growth, the entry barriers for potential competitors are expected to rise. At the same time, the risk of Indutrade's suppliers establishing their own sales organisations in the Company's markets will decrease. Business development and growth are thus strategic tools for lowering business risk.

Strong market positions

Indutrade focuses on sales of products in niches in which it can attain a leading position. Strong market positions are often a condition for good profitability. They also make it easier to attract the best suppliers, which further enhances Indutrade's position.

Long-term partnerships with leading suppliers

Indutrade gives priority to suppliers who, through own product development, provide market-leading, high-quality products with a high-tech content. A partnership with Indutrade should be the most profitable way for suppliers to sell their products in the geographic markets in which Indutrade operates. A range of market-leading products from the best suppliers, coupled with Indutrade's technical and market know-how, makes Indutrade a more attractive business partner for existing and potential customers.

Companies with proprietary products and brands

Indutrade balances its technology sales companies with a number of companies with proprietary products and brands. The products are to have a high-tech content, while the companies should have a strong market position and favourable growth potential. Since 2004 sales of proprietary products have increased by 23 percentage points, and in 2010 they accounted for 32% of consolidated net sales.

High share of repetitive sales and focus on selected customer segments

Indutrade offers components, systems and services for customers with a recurring need. This contributes to operating stability and predictability in revenue flows. The Group gives priority to customers with a recurring need that are active in industries with favourable prospects for maintaining competitive production in Indutrade's home markets. Many of these industries are characterised by a high degree of automation, high distribution costs and/or high start-up investment.

Sales organisation with high level of technical expertise

Indutrade's range of products and services, which are aimed at both end users and OEM customers (customers that integrate Indutrade's products in their own products), are to have a high-tech content and incorporate a high level of service and qualified technical consulting. Indutrade's sales representatives have a high level of technical expertise in their

respective fields and a depth of knowledge about the customers' production processes. This makes Indutrade an attractive business partner that can create value-added for customers and suppliers.

Decentralised organisation with strong local presence

Indutrade's governance model is characterised by decentralisation, as the best business decisions are made close to customers by people who have a solid understanding of the customers' needs and processes. The subsidiaries are responsible for their own profitability, which contributes to greater flexibility and a stronger entrepreneurial spirit.

ORDER INTAKE, NET SALES AND EARNINGS

Order intake rose 14% during the year, to SEK 6,863 million (6,000). The increase for comparable units was 9%, and acquired growth was 11%. Currency movements affected order intake negatively by 6%.

The growth in order intake for comparable units that was noted towards the end of the first quarter gradually strengthened, and since the second quarter of the financial year, all business areas posted like-for-like growth during each individual quarter.

The business area that was affected the earliest in 2008 by the recession was Industrial Components, which is also the business area that reported the strongest improvement in order intake in 2010. The driving forces behind the improvement were mainly the industrial economic strengthening in the Swedish automotive and engineering industries. Similarly, the Special Products business area was favourably affected by improved demand in the Swedish market, while the pace of growth in order intake was lower for companies focusing on energy projects. The lack of major energy projects also had a dampening effect on growth in order intake for the Flow Technology business area. In the Finnish market, where the Engineering & Equipment business area has most of its operations, the business climate improved steadily during the year.

Net sales rose 8% during the year to SEK 6,745 million (6,271). For comparable units, net sales rose 3%, while acquired growth was 11%. Currency movements affected net sales negatively by 6%.

The gross margin for the full year was 33.6%, an increase of 0.7 percentage points over 2009. The change in the gross margin is essentially due to a shift in net sales toward products with higher margins. This can be seen in the fact that the business areas that are performing above the Group's average margin – Industrial Components and Special Products – have increased their share of consolidated sales.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 703 million (594) for the year, an increase of 18%. The operating margin before amortisation of intangible assets (the EBITA margin) increased to 10.4% (9.5%). The improvement in the EBITA margin is mainly due to the higher gross margin, but also to a slight decrease in the relative share of overheads during the year – partly due to cost-cutting measures that were taken in 2009 as an adaptation to the weaker economy.

Net financial items totalled SEK -61 million (-64), of which net interest expense accounted for SEK -61 million (-62). Tax on profit for the year was SEK -148 million (-120), corresponding to a tax rate of 26.8% (26.0%). Profit after tax rose 19% to SEK 405 million (341). Earnings per share were SEK 10.18 (8.53).

BUSINESS AREAS

Engineering & Equipment

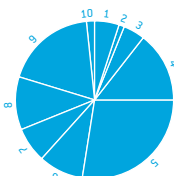
Engineering & Equipment's operations involve sales of components sales as well as customisation, combinations and installations of products from various suppliers. Compared with the other business areas, sales consist to a slightly higher degree of investment goods.

Net sales decreased by 10% during the year to SEK 1,409 million (1,569). For comparable units, net sales decreased by 1%, while currency movements had a negative effect on net sales, by 10%. Acquisitions contributed +1% to net sales. Demand in the market segments in Finland in which the business area is active improved gradually during the year.

The increase in EBITA to SEK 100 million (83) and of the EBITA margin to 7.1% (5.3%) is mainly attributable to cost-cutting measures that were taken in 2009.

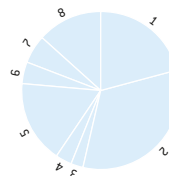
NET SALES PER CUSTOMER SEGMENT

1. Pulp and paper 5%
2. Food 1%
3. Chemicals 5%
4. Construction 14%
5. Water/wastewater 28%
6. Energy 9%
7. Steel 7%
8. Car repair shops 11%
9. Engineering 19%
10. Other 1%



NET SALES PER PRODUCT AREA

1. Valves 21%
2. Industrial equipment 33%
3. Hydraulics and pneumatics 3%
4. Transmission 3%
5. Measurement instruments 17%
6. Service 4%
7. Pipes and pipe systems 6%
8. Pumps 13%



Flow Technology

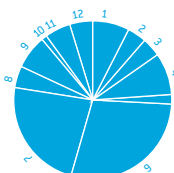
Flow Technology offers components and systems for controlling, measuring, monitoring and regulating flows. The business area comprises companies that specialise in various areas of industrial flow technology.

Net sales rose 3% during the year, to SEK 1,743 million (1,689). For comparable units, net sales decreased by 2%, while exchange rate movements affected net sales negatively, by 2%. Acquired growth was 7%. Lower activity in Norway and Denmark, and a small number of energy projects were compensated by growth from acquisitions and improved demand in other markets.

EBITA for the year decreased by 17% to SEK 155 million (186), and the EBITA margin was 8.9% (11.0%). The lower EBITA margin is an effect of a slightly higher level of overheads and a shift in the product mix to business with a lower gross margin combined with an overall weak contribution from businesses acquired during the year.

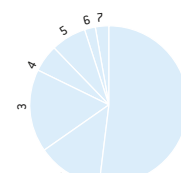
NET SALES PER CUSTOMER SEGMENT

1. Pulp and paper 8%
2. Pharmaceuticals 4%
3. Food 4%
4. Chemicals 9%
5. Construction 2%
6. Water/wastewater 28%
7. Energy 23%
8. Steel 4%
9. Marine/offshore 7%
10. Mining industry 1%
11. Engineering 5%
12. Commercial vehicles 5%



NET SALES PER PRODUCT AREA

1. Valves 52%
2. Measurement and analysis systems 13%
3. Pipes and pipe systems 17%
4. Pumps 6%
5. Hydraulics and pneumatics 7%
6. Compressors 2%
7. Service 3%



Industrial Components

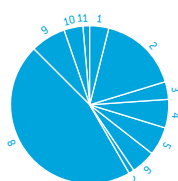
Industrial Components offers a wide range of technically advanced components and systems for production and maintenance, and medical technology equipment. Products consist to a large extent of consumables. The companies in the business area typically work in close co-operation with their customers' development, production and maintenance departments. Major emphasis is put on identifying and understanding customers' production processes and needs.

Net sales rose 25% during the year, to SEK 1,455 million [1,163]. For comparable units, net sales rose 14%, while acquired growth was also 14%. Currency movements had a negative effect on net sales, by 3%. Growth for the year was above all an effect of higher demand for products for the engineering industry – especially for commercial vehicles. Greater activity was also noted for products for the steel and mining industries.

EBITA virtually doubled to SEK 140 million [72], corresponding to an EBITA margin of 9.6% [6.2%]. The EBITA margin was positively affected by higher delivery volumes and limited cost increases, among other things due to cost-cutting measures taken in 2009.

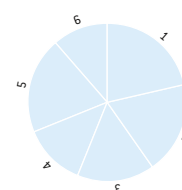
NET SALES PER CUSTOMER SEGMENT

1. Pulp and paper 4%
2. Pharmaceuticals 16%
3. Food 4%
4. Construction 6%
5. Energy 6%
6. Steel 5%
7. Marine/offshore 1%
8. Engineering 46%
9. Commercial vehicles 7%
10. Automotive industry 4%
11. Other 1%



NET SALES PER PRODUCT AREA

1. Automation 21%
2. Adhesives and chemical technology 19%
3. Cutting tools 16%
4. Filters and process technology 13%
5. Fasteners 20%
6. Medical technology 11%



Special Products

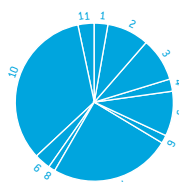
Special Products offers custom-fabricated niche products, design solutions, aftermarket service and assembly, and special processing. The business area comprises companies that conduct a considerable amount of own manufacturing and is the Indutrade business area with the highest share of proprietary products.

Net sales for the year rose 15% to SEK 2,164 million [1,877]. For comparable units, net sales rose 3%, while acquired growth was 19%. Currency movements affected net sales by -7%. Growth was considerably stronger during the second half of the year than in the first half, as sales for comparable units climbed 19% during the latter part of the year. During the year, most of the business area's Swedish companies were favourably affected by improved demand, while companies with products for the international energy sector continued to experience weak demand.

EBITA rose 19% to SEK 342 million [288], and the EBITA margin was 15.8% [15.3%]. The earnings improvement can be credited to higher sales, where the gross margin and share of overheads remained virtually unchanged.

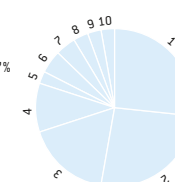
NET SALES PER CUSTOMER SEGMENT

1. Pulp and paper 3%
2. Pharmaceuticals 9%
3. Food 9%
4. Chemicals 2%
5. Construction 9%
6. Water/wastewater 2%
7. Energy 25%
8. Steel 1%
9. Marine/offshore 3%
10. Engineering 34%
11. Commercial vehicles 3%



NET SALES PER PRODUCT AREA

1. Valves 27%
2. Measurement technology 26%
3. Filters and process technology 17%
4. Hydraulic couplings and tools 10%
5. Electronic components 2%
6. Glass and ceramics 5%
7. Industrial springs 4%
8. Construction plastics 3%
9. Steel profiles 3%
10. Piston rings 3%



COMPANY ACQUISITIONS

The following company acquisitions were carried out during the year:

Possession	Acquisition	Business area	Sales SEK m*	No. employees*
January	Techno Skruv i Värnamo AB	Industrial Components	70	14
	Corona Control AB	Flow Technology	50	12
	BiaMediTek Sp.Z o.o	Industrial Components	70	52
February	Lekang Group	Special Products	200	56
March	Stålprofil PK AB	Special Products	70	18
July	Meson Group	Flow Technology	500	100
October	Flowtech Finland Oy	Engineering & Equipment	20	3
			980	255

*At time of acquisition.

In addition, a construction plastics business was acquired from Metallcenter Sverige AB, with annual sales of approximately SEK 6 million, and a pump business from A-Vacuum Oy in Finland, with annual sales of approximately SEK 12 million. The businesses are included in the Special Products and Engineering & Equipment business areas, respectively.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on operating capital was 23% (22.2%), and the return on equity was 24% (21%). The equity ratio was 36% (41%) at year-end. Equity per share was SEK 43.55 (41.10). The Group's interest-bearing net debt amounted to SEK 1,390 million (940), corresponding to a net debt/equity ratio of 80% (57%).

Cash flow from operating activities was SEK 656 million (558).

Net investments in property, plant and equipment, excluding company acquisitions, amounted to SEK 111 million (90). Investments in company acquisitions during the year amounted to SEK 596 million (56). In addition, SEK 88 million (132) was paid in earn-out payments for previous years' acquisitions.

EMPLOYEES

Indutrade had 3,444 employees (3,040) at year-end, with an average of 3,420 (3,122) employees for the year. The number of employees increased by 255 persons as a result of acquisitions.

BUSINESS RISKS

Indutrade conducts operations in 25 countries in four parts of the world through some 150 companies. This spread, together with a large number of customers in a number of industries and a large number of suppliers in different technology areas limits the business risks.

Changes in the economy

Indutrade's business is dependent on its customers' purchases and investments. The effect of economic fluctuations in specific sectors or geographic markets is mitigated by the Company's involvement in many different sectors and geographic markets, and by the fact that investment goods account for a relatively small share of total net sales. Owing to these factors, demand for Indutrade's products follows GDP growth in the Group's geographic markets.

Outsourcing of operations

Although outsourcing of industrial manufacturing to low-cost countries takes place in the markets in which Indutrade is active, it has a limited impact on the Group. This is largely because Indutrade has chosen to focus on customers with a recurring need in industries with a high degree of automation, high distribution costs and/or large initial investment.

Competition from low-cost countries

An increase in products from low-cost countries can be seen in Indutrade's markets. To counter the effects of this competition, Indutrade offers products and services with a high-tech content, a high level of service and qualified technical advice. In addition, Indutrade strives to establish close partnerships with customers by becoming involved early in the planning and development stages, where the Group's employees can contribute their expertise about various processes.

Changes at the supplier level

There is always a risk of suppliers leaving a partnership with a technology sales company to set up their own sales organisation. Consolidation among manufacturers is one trend in the market that points to this. Indutrade addresses this risk by choosing suppliers who view a partnership with Indutrade as the most cost-effective sales method. Stable supplier relationships are one of the parameters that are assessed prior to Indutrade's acquisition of a company. To ensure that an acquired company does not lose its product agency agreements, acquisition plans are checked with the target company's main suppliers.

Key person dependence

The risk of losing experienced employees is accentuated in connection with company acquisitions. Consequently, Indutrade's acquisition strategy includes ensuring that the target company's key employees are motivated to continue running the company after the acquisition. To attract and retain key personnel, Indutrade conducts continuous competence development and special management development programmes.

Environmental matters

Nine of Indutrade's Swedish subsidiaries conduct operations that require permits or reporting in accordance with the Swedish Environmental Code. Three foreign subsidiaries conduct operations subject to an equivalent permit or reporting obligation.

None of the Group's companies are involved in any environment-related disputes.

FINANCIAL RISKS

In the course of its business, Indutrade is exposed to various types of financial risks: financing and liquidity risk, interest rate risk, currency risk, and customer and counterparty risk (credit risk). The Group's financial activities are centralised in the Parent Company in order to benefit from economies of scale and minimise handling risks. Activities are coordinated by the Parent Company, which executes all significant external financial transactions and serves as an internal bank for the Group's transactions in the foreign exchange and bond markets. Each year Indutrade's board of directors adopts a finance policy, which serves as the framework for managing financial risks and financial activities. The policy also regulates the applicable limits for counterparties.

For a more detailed description on how Indutrade manages its various financial risks, see Note 2.

INCENTIVE PROGRAMME

In connection with Indutrade's stock market introduction in 2005, in co-operation with AB Industrivärden, senior executives were offered to participate in an incentive programme that expired in June 2010.

In May 2010, the Board of Directors of Indutrade, in co-operation with AB Industrivärden and pursuant to a resolution by the Annual General Meeting, directed an offer to senior executives to participate in a new incentive programme. The aim of the programme is to promote management's long-term commitment and involvement in the Company. The term of the programme extends until 31 October 2013.

Forty-nine senior executives have acquired a combined total of 358,000 stock options, issued by AB Industrivärden, and 10,000 shares. Indutrade pays a subsidy of SEK 22 for every purchased stock option and share under the condition that the participants continue to be employed and that they have not sold their purchased stock options/shares at the time of payment of the subsidy. The subsidy will be paid by the Company to the participants on two occasions in two equal parts, in December 2011 and June 2013. The total cost for the Company will amount to approximately SEK 9 million, corresponding to approximately SEK 3 million per year.

GUIDELINES FOR COMPENSATION OF SENIOR EXECUTIVES

The guidelines for compensation of senior executives that applied in 2010 are outlined in note 6 on page 49. The Company's auditors have performed a review to ensure that the guidelines established by the Annual General Meeting have been adhered to. Ahead of the 2011 Annual General Meeting, it is the Board's intention to propose essentially unchanged guidelines for compensation of senior executives, in accordance with the following recommendation:

- Indutrade shall apply compensation levels and terms of employment necessary to be able to recruit and retain management with high qualifications and the ability to achieve set objectives. The forms of compensation shall motivate members of the executive management to perform their utmost in order to safeguard the interests of the shareholders.
- The forms of compensation shall therefore be in line with the going rate in the market and shall be straightforward, long-term and quantifiable. Compensation of members of the executive management shall normally consist of a fixed and a variable portion. The variable portion shall reward clear, goal-related improvements in simple, transparent structures and shall have a cap.
- The fixed salary for members of the executive management shall be in line with the going rate in the market and shall be commensurate with the individual's expertise, responsibilities and performance. The variable compensation for members of the executive management shall normally not exceed 7 months' salary and shall be coupled to the achievement of goals to improve the Company's and respective business areas' level of earnings, and the Group's growth.
- Incentive programmes in Indutrade shall mainly be share price-related and cover persons in senior positions in the Company who have a significant influence over the Company's results of operations and growth, and shall be based on the achievement of set targets. An incentive programme shall contribute to the long-term commitment to the Company's development and shall be implemented on market terms.

- Non-monetary benefits for members of the executive management shall facilitate the individuals in the execution of their duties and correspond to what can be considered to be reasonable in respect of practice in the market in which the respective executive is active.
- Pension terms for members of the executive management shall be in line with the going rate in the market in respect of what applies for peer executives in the market in which the executive works and should be based on a defined contribution pension solution or correspond to a public pension plan (in Sweden the ITP plan).
- Severance pay for members of the executive management shall not exceed a total of 24 months' salary in the event the Company serves notice, and 6 months in the event the member of the executive management gives notice.
- By executive management is meant in this context the President and CEO, the Chief Financial Officer, the Business Area presidents, and the Group Controller.
- The Board's Remuneration Committee deals with and conducts drafting work on remuneration matters regarding members of the executive management, for decision by the Board. The Remuneration Committee thus prepares and draws up proposals for decision regarding the terms of employment for the President. The President consults with the Remuneration Committee regarding the terms of employment for other members of the executive management.
- The Board shall have the right to depart from the aforementioned guidelines for compensation of the executive management if there are special reasons in a particular case.

RESEARCH AND DEVELOPMENT

Development of proprietary products is conducted primarily by companies in the Special Products business area.

PARENT COMPANY

The Parent Company's sales, which consisted entirely of invoicing of services to other Group companies, amounted to SEK 4 million (1). The Parent Company's investments in financial assets, which consist primarily of company acquisitions and capital contributions to subsidiaries, amounted to SEK 351 million (4). Investments in intangible non-current assets amounted to SEK 0 million (1), and investments in property, plant and equipment amounted to SEK 0 million (0). The number of employees on December 31 was 10 (8). The Parent Company's primary functions are to take responsibility for business development, major acquisitions, financing, consolidation and follow-up of the Group's financial accounts.

EVENTS AFTER THE BALANCE SHEET DATE

Company acquisitions

Four acquisitions were carried out in early 2011.

In early January the Engineering & Equipment business area acquired Dantherm Filtration Oy, with annual sales of approximately SEK 30 million. The company specialises in air filtration and provides customised solutions and components to customers in the forestry, paper, metal and recycling industries, among others.

Also in early January, the Special Products business area acquired the Swiss industrial group Abima, with annual sales of approximately SEK 400 million, and the companies Mijnsbergen B.V. and ATB Automation, active in Benelux, with annual sales of approximately SEK 60 million. Abima is active in control and regulation of flows, insulation against cold, heat and sound, rust/corrosion prevention and fire safety. The Benelux companies deliver customised solutions with a broad product range in power transmission and motion control.

In early February, the Special Products business area carried out another acquisition, of Abelko Innovation AB, with annual sales of SEK 60 million. Abelko offers specially adapted solutions for energy measurement, remote control, building automation, energy optimisation and operational monitoring.

FUTURE OUTLOOK

The Group's operations were affected to varying degrees by the recession that took hold during autumn 2008. To address the effects of the economic downturn, an adaptation was carried out of resources in most of the Group's companies that were affected by the downturn. In most of the market segments and geographic markets in which the Group is active, clear signs of rising growth were noted during 2010. However, in certain sectors and in certain countries, the business climate is still in a wait-and-see pattern or subdued, which can be interpreted to mean that some uncertainty about performance in 2011 will continue to linger in 2011. Indutrade's ambition over time is to achieve the set targets for growth and profitability with continued financial balance. No forecast is being given for 2011.

CORPORATE GOVERNANCE REPORT

Indutrade applies the Swedish Code of Corporate Governance (the Code) since 1 July 2006. The Code is a component of self-regulation in Swedish industry and is based on the "comply or explain" principle. This means that companies that adhere to the Code can depart from individual rules, provided that they give an explanation for each departure. Indutrade has no departures to report for the 2010 financial year.

The Corporate Governance Report has been audited by the Company's auditors.

Delegation of responsibilities

Responsibility for management and control of the Group is delegated among the shareholders (via general meetings), the Board, its elected committees and the CEO in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Company's Articles of Association and the Board's internal governance documents.

Share capital and shareholders

The share capital amounts to SEK 40 million, divided among 40,000,000 shares with a share quota value of SEK 1. All shares have equal voting power.

Indutrade, which was previously a wholly owned subsidiary of AB Industrivärden, was listed on the Stockholm Stock Exchange on 5 October 2005. At year-end 2010 Indutrade had 5,388 shareholders (5,369), and the ten largest shareholders controlled 76% of the share capital. Swedish legal entities, including institutions such as insurance companies and mutual funds, held 84% of the share capital and votes at year-end. Foreign investors held 9% of the share capital and votes.

At year-end, three shareholders each controlled 10% or more of the share capital and votes:

- AB Industrivärden 36.8%
- L E Lundbergföretagen AB 13.8%
- AFA Insurance 11.8%

According to Ch. 6 § 2a of the Swedish Companies Act, listed companies are to provide disclosures about certain conditions that could affect opportunities to take over the company through a public takeover offer for shares in the company. No such conditions exist in Indutrade AB.

Articles of Association

Indutrade is a public company whose business is to “on its own or through subsidiaries, pursue trade in connection with the import and export of machines, raw materials and finished and semi-manufactured products as well as industrial necessities, including production, preferably within the plastics, mechanical and chemical industries, and activities compatible therewith.”

The Board shall consist of a minimum of three and a maximum of eight elected directors, who are elected each year at the Annual General Meeting.

Notice of the Annual General Meeting and notice of an extraordinary general meeting concerning an amendment to the Articles of Association shall be issued not earlier than six weeks and not later than four weeks before the meeting. Notice of other extraordinary general meeting shall be issued not earlier than six and not later than two weeks before the meeting. Notice shall be made through advertisements in the Official Swedish Gazette (Post-och Inrikes Tidningar) and in Dagens Nyheter. In votes at general meetings of shareholders, there is no limitation on the number of votes for represented shares.

General shareholders' meetings

General shareholders' meetings are Indutrade's highest governing body. At the Annual General Meeting (AGM), which is held within six months after the end of each financial year, the income statement and balance sheet are adopted, the dividend is set, the Board and auditors (where applicable) are elected, their fees are determined, other items of legally ordained business are conducted, and decisions are made on proposals submitted by the Board and shareholders.

All shareholders who are registered in the shareholder register on a specified record date and who have notified the Company in due time of their intention to participate at the general meeting are entitled to attend the meeting and vote for the total number of shares they have. Shareholders can be represented by proxy. More information about the 2011 Annual General Meeting is provided on page 66 of the 2010 Annual Report and on the Company's website.

The notice of the Annual General Meeting scheduled for 27 April 2011 is expected to be published in the Official Swedish Gazette and Dagens Nyheter, and on Indutrade's website on 23 March 2011. The notice will provide a detailed proposed agenda including proposals for the dividend, the election of directors, directors' fees (broken down by the Chairman and other directors), proposals for the election of auditors and auditors' fees, and proposed guidelines on compensation of the Company's senior executives.

2010 Annual General Meeting

At the Annual General Meeting on 24 May 2010, shareholders representing 73.9% of the shares and votes were in attendance. Attorney Klaes Edhall was appointed to serve as AGM chairman.

At the AGM, the annual report and audit report were presented. In connection with this, Chairman of the Board Bengt Kjell provided information on the work of the Board and reported on the guidelines for compensation of the executive management and on the work of the Audit and Remuneration Committees. In addition, CEO Johnny Alvarsson gave an address on Indutrade's operations in 2009. The auditors reported on their audit work and presented parts of their audit report for 2009.

The 2010 AGM made the following resolutions:

- to set the dividend at SEK 4.30 per share;
- to elect as directors Michael Bertorp, Eva Färnstrand, Bengt Kjell, Ulf Lundahl and Johnny Alvarsson, and to elect as a new director Mats Olsson;

- to re-elect Bengt Kjell as Chairman of the Board;
- that the Nomination Committee shall consist of representatives of four of the largest shareholders in terms of votes as well as the Chairman of the Board until the composition of the next year's nomination committee has been publicly announced;
- that the Nomination Committee's composition shall be based on ownership data as per 31 August 2010 and shall be publicly announced not later than six months prior to the Annual General Meeting;
- that Indutrade shall apply compensation levels for senior executives which mainly shall consist normally of a fixed and variable portion, shall be in line with the going rate in the market, and shall be commensurate with the executives' level of expertise, responsibility and performance; the non-monetary benefits and pension benefits for members of the executive management shall correspond to what is considered to be reasonable in relation to common practice in the markets in which the respective executives work; and
- to authorise the Board to decide on the new issue of a maximum of 4,000,000 shares in the Company with stipulations on issues in kind or set-off.

Members of the Board of Directors

Indutrade's board of directors, which is elected by the Annual General Meeting, consists of six members including the CEO. Prior to the 2010 AGM Gerald Engström and Owe Andersson had declined re-election. The other directors elected by the 2009 AGM were re-elected at the 2010 AGM. In addition, Mats Olsson was elected as a new director.

The Chairman of the Board, Bengt Kjell, is a former Executive Vice President of Industrivärden and is currently CEO of AB Handel och Industri. Eva Färnstrand is a former Site Manager at Södra Cell Mönsterås. Michael Bertorp is a former Executive Vice President of Svenska Cellulosa Aktiebolaget. Ulf Lundahl is an Executive Vice President of L E Lundbergföretagen. Mats Olsson is Chairman of Know IT and has been active in Investment AB D Carnegie, among other companies. Johnny Alvarsson is President and CEO of Indutrade.

A presentation of the current assignments of the members of the Board can be found on page 28 of the Annual Report.

The Company's CFO serves as board secretary. Other executives participate at board meetings to present reports when necessary.

All of the directors, except for Johnny Alvarsson, are independent in relation to Indutrade. Johnny Alvarsson, Eva Färnstrand, Michael Bertorp, Mats Olsson and Bengt Kjell are independent in relation to Indutrade's major shareholders. The Board thereby meets the requirement that at least two of the directors who are independent in relation to the Company shall also be independent in relation to the major shareholders. Only one director, Johnny Alvarsson, has an operational role in the Company.

The work of the Board of Directors

Each year, the Board adopts a written work plan that governs the Board's work and its internal delegation of duties including the committees, decision-making procedures within the Board, meeting procedure and duties of the Chairman. The Board has also issued instructions for the CEO and instructions on financial reporting to the Board. In addition, the Board has adopted a number of policies, including a finance policy and an investment policy.

The Board is responsible for the Company's organisation and for the administration of its affairs. This entails ensuring that the organisation is suited for its purpose and designed in such a way so as to ensure satisfactory control of its bookkeeping, treasury management and financial conditions in general. In addition, the Board is responsible for ensuring that

the Company has satisfactory internal control and continuously evaluates the extent to which the Company's system for internal control works. The Board is also responsible for developing and following up the Company's strategies by drawing up plans and setting objectives. The Board oversees and evaluates the CEO's and operative management's work on a continuous basis. This particular matter is addressed yearly without any members of the executive management present.

In accordance with the adopted work plan, the Board holds seven regular meetings each year, including the statutory meeting after the Annual General Meeting, and on any other occasions when the situation demands. In 2010 the Board held a total of twelve meetings including the statutory meeting.

The Board conducted its work in 2010 in accordance with the work plan. Matters requiring special attention by the Board during the year pertained to strategy, finance and acquisitions. All Board decisions were unanimous.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2010

Board member	Year elected	Board meetings	Remuneration Committee	Audit Committee	Independent in relation to Company	Independent in relation to major shareholders
Johnny Alvarsson	2004	11			No	Yes
Michael Bertorp	2003	12		3	Yes	Yes
Eva Färnstrand	1998	12		3	Yes	Yes
Bengt Kjell (Chairman of the Board)	2002	12	3	3	Yes	Yes
Ulf Lundahl	2006	12	3	3	Yes	No
Mats Olsson	2010	7		2	Yes	Yes

The Chairman's role

The Chairman organises and leads the work of the Board to ensure that it is carried out in compliance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies (including the Code), and the Board's internal governance documents. The Chairman monitors business activities through regular contact with the CEO and ensures that the other directors are provided with adequate information and decision-making documentation. The Chairman is also responsible for making sure that an annual evaluation is conducted of the Board's and the CEO's work and that the results of this evaluation are presented to the Nomination Committee. The Chairman represents the Company on ownership matters.

Remuneration Committee

The Board has appointed a remuneration committee consisting of the Chairman (Bengt Kjell) and one other director, Ulf Lundahl. The Remuneration Committee draws up "the Board's proposed guidelines for compensation and other terms of employment for senior executives". This proposal is discussed by the Board and submitted to the AGM for approval.

The Board's Remuneration Committee deals with and conducts drafting work on remuneration matters regarding members of the executive management, for decision by the Board. The Remuneration Committee thus prepares and draws up proposals for decision regarding the terms of employment for the CEO. The CEO consults with the Remuneration Committee regarding the terms of employment for other members of the executive management.

The Remuneration Committee met on three occasions during the year.

Audit Committee

The Board has appointed an audit committee, consisting of the entire board excluding the CEO. Michael Bertorp served as Audit Committee chair.

The Audit Committee has an oversight role with respect to the Company's risk management, governance and control, and financial reporting. The committee maintains regular contact with the Company's auditor to ensure that the Company's internal and external accounting satisfies the requirements made on market-listed companies and to discuss the scope and focus of auditing work. The Audit Committee evaluates completed audit activities and informs the Company's nomination committee about the results of its evaluation and assists the Nomination Committee on drawing up recommendations for auditors and fees for their auditing work. The Audit Committee held three meetings in 2010, at which all members were present.

On two occasions in 2010 the committee performed reviews and received reports from the Company's external auditors, of which on one occasion this was done without anyone present from the executive management. The auditors' reports did not give rise to any special action by the Audit Committee.

Directors' fees

Fees are payable to the Chairman of the Board and directors in accordance with a resolution by the AGM. The Chairman receives a fee of SEK 400,000, and the other directors receive a fee of SEK 200,000 each. However, no fee is payable to directors who are employed by a company within the Indutrade Group. The Audit Committee chair is paid a fee of SEK 25,000, while no special fee is payable for other committee work. Total fees payable pursuant to the AGM resolution amount to SEK 1,225,000.

Nomination Committee

On 24 May 2010 the AGM resolved that the Nomination Committee shall consist of representatives of four of the largest shareholders in terms of votes as well as the Chairman of the Board, who shall also call the first meeting of the Nomination Committee. The member representing the largest shareholder shall be appointed as committee chair. The composition of the Nomination Committee ahead of the 2011 Annual General Meeting was to be based on ownership data as per 31 August 2010 and was to be publicly announced not later than six months prior to the Annual General Meeting. The composition of the Nomination Committee ahead of the 2011 AGM was announced on 15 September 2010.

Ahead of the 2011 Annual General Meeting, the Nomination Committee was composed of the following members:

- Carl-Olof By, Industrivärden (committee chair)
- Claes Boustedt, L E Lundbergföretagen
- Håkan Sandberg, Handelsbanken Pension Foundation and Handelsbanken Pension Fund
- Lars Öhrstedt, AFA Insurance
- Bengt Kjell, Chairman of the Board, Indutrade.

The Nomination Committee held four meetings during the year, at which an evaluation of the Board's work during the past year was presented and the Board's composition was discussed.

The Nomination Committee is tasked with drawing up proposals to be presented to the AGM for resolutions regarding a person to serve as AGM chairman, the Chairman of the Board and other directors, directors' fees, auditors' fees and, where applicable, election of auditor, and the principles for the appointment of the new Nomination Committee.

Based on the results of the Board's evaluation and the current directors' availability for re-election – among other things – the Nomination Committee makes an assessment of whether the sitting board currently meets the requirements that will be made for the Board in view of the Company's situation and future orientation, or if the composition of expertise and experience needs to be changed.

Ahead of the 2011 AGM, the Nomination Committee has proposed the re-election of directors Bengt Kjell, Ulf Lundahl, Eva Färnstrand, Michael Bertorp, Mats Olsson and Johnny Alvarsson. Martin Lindqvist (born 1962), CEO of SSAB, has been nominated for new election. Bengt Kjell has been nominated for re-election as Chairman of the Board. The Nomination Committee's proposal entails that the Board will be increased by one member, and during the coming mandate period it will consist of seven members. A more detailed presentation of the members of the Board is provided on page 28 of the Annual Report.

Operating activities

The CEO is responsible for the administration of Indutrade's day-to-day affairs, which are managed by the Company's executive management team. The CEO's decision-making authority regarding investments and financing matters is governed by rules set by the Board.

President and CEO

Indutrade's President and CEO, Johnny Alvarsson, has been employed by Indutrade since 2004. He was CEO of Elektronikgruppen from 2001 to 2004, CEO of Zeteco AB from 1988 to 2000, and held various management positions at Ericsson from 1975 to 1987. Johnny Alvarsson owns 25,000 shares of Indutrade stock and 50,000 stock options issued by Industrivärden.

Auditors

At the 2010 Annual General Meeting, the chartered accounting firm PricewaterhouseCoopers AB ("PwC") was appointed as auditor for a term extending through the 2014 Annual General Meeting.

The auditors maintain regular contact with the Chairman of the Board, the Audit Committee and the executive management.

Lennart Danielsson, Authorised Public Accountant, is chief auditor.

In 2010, PwC had a total of 95 audit assignments for companies listed on Nasdaq OMX Stockholm, of which one was conducted in co-operation with another accounting firm, and 11 auditing assignments for companies listed on NGM Equity. Auditors' fees are reported in Note 13 on page 53 of the Annual Report.

Quarterly review by the auditors

In 2010, Indutrade's nine-month interim report was reviewed by the external auditors.

Internal control of financial reporting

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been prepared in accordance with the Code and describes how the internal control of the financial reporting is organised.

Control environment

Effective board work is the foundation of good internal control. The Board's work plan and the instructions for the CEO and the Board's committees ensure a clear delegation of roles and responsibilities to the benefit of effective management of risks in the Company's operations.

In addition, the Board has adopted a number of fundamental guidelines and policies designed to create the conditions for a good control environment. These include policies for social responsibility and environmental work, economic and financial reporting, finance and investment, among others. These policies are followed up and revised as needed.

The executive management continuously draws up instructions on the Group's financial reporting which, together with the policies adopted by the Board, are included in the Group's financial manual.

The Group has a joint reporting system that serves as the base for the Group's monthly reporting, consolidation work and earnings follow-up.

Risk assessment

The Company has implemented a structured process for assessing risks that could affect financial reporting. This is an annually recurring process and is evaluated by the Audit Committee and the Board.

Through this risk assessment it has been ascertained that the Group's structure, consisting of a multitude of standalone companies of varying size that are independent from each other in various sectors and geographic markets, entails a considerable spread of risk. The risk assessment also covered the Group's income statement and balance sheet items to identify areas in which the aggregate risk for error and the effects of these would be greatest. The areas identified consisted primarily of revenue recognition, trade accounts receivable and inventories.

In addition, continuous risk assessment is conducted in connection with strategic planning, budgeting, forecasts and acquisition activities, aimed at identifying events in the market or operations that could give rise to changes in e.g., revenue streams and valuations of assets or liabilities.

Control activities

The Group's companies are organised in four business areas. In addition to a business area president, the respective business area management teams include a controller. The controller plays a central role in analysing and following up the business area's financial reporting and in ensuring compliance by the companies in the business area with Group policies that have an impact on the financial reporting. The Parent Company has additional functions for continuous analysis and follow-up of financial reporting by the Group, the business areas and subsidiaries. The Parent Company's finance department also initiates work on the annual self-assessment routine regarding the internal control of financial reporting. This is a process that involves several parts.

In this evaluation, the Group's companies have been grouped into three categories, based on the nature and scope of the respective companies' businesses. For each group of companies, a questionnaire for evaluation of internal control has been prepared based on the performed risk analysis. A minimum acceptable level of internal control has been determined for each respective group, which served as the baseline for the evaluation.

All companies owned by Indutrade at the start of 2010 were required to respond to the evaluation questionnaire. The responses were compiled and evaluated per group of companies and for the Group as a whole. As a complement to this work, the auditors conducted a validation of the respective companies' completed questionnaires. Both the evaluation performed by the Company and the result of the auditors' validation have been reported and discussed with the Audit Committee and the Board of Directors. The overall assessment of the evaluation of the internal control of the Group's financial reporting will serve as documentation for the subsequent years' self assessment and work on further strengthening internal control.

Information and communication

The Company's key governing documents, consisting of policies, guidelines and manuals – to the extent that these pertain to financial reporting – are updated on a regular basis and communicated via different channels to the companies within the Group. Systems and routines have been created to provide management with necessary reports on the business results in relation to set targets.

Follow-up

The Board conducts a monthly evaluation of business development, earnings, position and cash flow based on a report packet containing comments on outcomes, forecasts and certain key factors.

The Audit Committee has an oversight role regarding the Company's financial reporting, risk management, and governance and control. In addition, the Audit Committee maintains regular contact with the Company's auditors to ensure that the Company's internal and external reporting satisfies requirements made on market-listed companies and to follow up any observations that emerge from the audit.

Internal audit

The Company has a simple operative structure consisting primarily of small and medium-sized standalone businesses that are independent of each other, with varying conditions for internal control. Compliance with governance and internal control systems that have been drawn up by the Company is checked by the controllers on a regular basis at the business area and Parent Company level. In addition, the controllers perform continuing analyses of the companies' reporting and financial outcomes to verify their performance. Added to this is the routine for annual self assessment of internal control of the financial reporting. In view of the above, the Board has opted to not have any special internal audit function.

PROPOSED DISTRIBUTION OF EARNINGS

The Annual General Meeting has the following funds at its disposal: (SEK million)	
Retained earnings	664
Net profit for the year	475
	1,139
The Board of Directors proposes the following distribution of earnings: (SEK million)	
Dividend of SEK 5.10 per share	204
To be carried forward	935
	1,139

The dividend proposed by the Board of Directors corresponds to 17% of the Parent Company's equity and 12% of the Group's equity. Indutrade's dividend policy is that the dividend shall, over time, amount to at least 50% of net profit. The Board is of the opinion that the proposed dividend is well balanced with respect to the goals, scope and risks of the operations and with respect to the opportunities to meet the Company's future obligations.

If the dividend had been paid out at year-end, the Group's equity ratio would have been 32%. After payment of the proposed dividend, it is judged that Indutrade will continue to have favourable financial position.

The Board's assurance

The Board of Directors and President certify that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) and generally accepted accounting principles and give a true and fair view of the Group's and Parent Company's position and result of operations. The Directors' Report for the Group and Parent Company gives a true and fair overview of the Group's and Parent Company's operations, position and result of operations and describes material risks and uncertainties facing the Parent Company and companies included in the Group.

The Group's and Parent Company's result of operations and position in general are shown in the following income statements, balance sheets, cash flow statements and notes.

Stockholm, 21 March 2011

Bengt Kjell
Chairman of the Board

Michael Bertorp
Director

Eva Färnstrand
Director

Ulf Lundahl
Director

Mats Olsson
Director

Johnny Alvarsson
President and CEO, Director

Our audit report was submitted on 23 March 2011.

PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant

BOARD OF DIRECTORS AND AUDITORS



1 BENGT KJELL

Chairman of the Board since 2005
Director since 2002

President of AB Handel och Industri

Born: 1954

Education: MBA, Stockholm School of Economics

Professional experience: Executive Vice President and Head of Investment Operations, Industrivärden; Authorised Public Accountant; Head of Corporate Finance, Securum; Senior Partner, Navet

Other directorships: Director of Höganäs, Pandox, Helsingborgs Dagblad and Skånska Byggvaror

Number of shares: 30,100

2 ULF LUNDAHL

Director since 2006

Vice President and Deputy CEO of L E Lundbergföretagen

Born: 1952

Education: LL.B. and B.Sc. Econ.

Professional experience: President, Östgöta Enskilda Bank; CEO, Danske Securities

Other directorships: Director of Holmen, Husqvarna, Cardo, Brandkontoret, Lorentzen och Wettre, and SHB Regional Bank Stockholm

Number of shares: 2,000

3 EVA FÄRNSTRAND

Director since 1998.

Born: 1951

Education: M.Sc. Chemistry, Royal Institute of Technology

Professional experience: Site Manager, Södra Cell Mönsterås; President, Tidningstryckarna Aftonbladet Svenska Dagbladet; Newsprint Business Area Manager, SCA Graphic Sundsvall

Other directorships: Chairman of ProfilGruppen, Director of Sveaskog and Domsjö Fabriker

Number of shares: 400

4 MICHAEL BERTORP

Director since 2003

Born: 1949

Education: LL.B.

Professional experience: Executive Vice President, Svenska Cellulosa Aktiebolaget

Other directorships: Director of Handelsbanken Fonder

Number of shares: 2,800

5 MATS OLSSON

Director since 2010

Born: 1948

Education: M. Pol. Sc., Linköping University

Professional experience: Subsidiary Head, Investment D Carnegie; President and CEO, Custodia; President and CEO, Merchant Holding; President and CEO, Kipling Holding; President and CEO, Displayit

Other directorships: Chairman of KnowIT. Director of Fenix Outdoor

Number of shares: 0

6 JOHNNY ALVARSSON

Director since 2004.

President and CEO.

Employed since: 2004

Born: 1950

Education: B.Sc. Eng., Management studies

Professional experience: President, Elektronikgruppen; President, Zeteco; various management positions at Ericsson

Other directorships: Director of Cardo and VBG Group

Number of shares: 25,000

Number of options: 50,000

Auditors

PricewaterhouseCoopers AB

Chief Auditor: Lennart Danielsson, Authorised Public Accountant

Born: 1959

Auditor of Indutrade AB since 2006

Other auditing assignments:

Clas Ohlson and Sweco

EXECUTIVE MANAGEMENT

**1 JOHNNY ALVARSSON**

Position: President and Chief Executive Officer, President of Special Products business area

Employed since: 2004

Born: 1950

Education: B.Sc. Eng., Management studies

Professional experience: President, Elektronikgruppen; President, Zeteco; various management positions at Ericsson

Number of shares: 25,000

Number of options: 50,000

2 KENNET GÖRANSSON

Position: CFO

Employed since: 2010

Born: 1963

Education: B.Sc. Econ.

Professional experience: CFO, Addtech; Vice President, Addtech; CFO, Bergman & Beving

Number of shares: 1,500

Number of options: 15,000

3 CLAES HJALMARSON

Position: Group Controller

Employed since: 1984

Born: 1954

Education: B.Sc. Econ.

Professional experience: CFO, Colly Group; CFO, G A Lindberg Group; Auditor, Ernst & Young

Number of shares: 4,200

Number of options: 15,000

4 PETER ERIKSSON

Position: President of Flow Technology business area

Employed since: 1995

Born: 1953

Education: Upper secondary school, engineering programme; Market Economics degree, IFL

Professional experience: President, Alnab; Sales Manager, Alnab

Number of shares: 13,450

Number of options: 30,000

5 CURT KOCK

Position: President of Engineering & Equipment business area

Employed since: 2008

Born: 1960

Education: MPA, Swedish School of Economics and Business Administration

Professional experience: President, Oj Grundfos Pumput Ab; Regional Finance Manager, Oj Grundfos Pumput Ab; CFO, Oj Curt Enström Ab

Number of shares: 550

Number of options: 20,000

6 OLOF PAULSSON

Position: President of Industrial Components business area

Employed since: 1983

Born: 1949

Education: Upper secondary school, engineering programme; Market Economics degree, IFL

Professional experience: President, Colly Filtreringsteknik; President, Colly Components; Divisional Manager, Colly Company

Number of shares: 6,200

Number of options: 15,000

CONSOLIDATED INCOME STATEMENT

GROUP

SEK MILLION	NOTE	2010	2009
Net sales	3	6,745	6,271
Cost of goods sold		-4,480	-4,207
GROSS PROFIT		2,265	2,064
Development costs		-48	-44
Selling costs		-1,224	-1,169
Administrative expenses		-376	-323
Other operating income	4	34	24
Other operating expenses	4	-37	-27
OPERATING PROFIT	5, 6, 7, 8, 13, 30	614	525
Financial income	9	17	8
Financial expenses	10	-78	-72
PROFIT AFTER FINANCIAL ITEMS		553	461
Tax	12	-148	-120
NET PROFIT FOR THE YEAR		405	341
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent		407	341
Non-controlling interests		-2	-
		405	341
Earnings per share attributable to equity holders of the parent ¹⁾		10.18	8.53
Proposed dividend per share		5.10	4.30

¹⁾ Profit for the period divided by 40,000,000 shares. There is no dilutive effect.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP

SEK MILLION	2010	2009
NET PROFIT FOR THE YEAR	405	341
OTHER COMPREHENSIVE INCOME		
Fair value adjustment of hedge instruments	18	–
Tax attributable to fair value adjustment	-4	–
Actuarial gains/losses	-35	12
Tax attributable to actuarial gains/losses	9	-3
Exchange rate differences	-125	-47
OTHER COMPREHENSIVE INCOME, NET AFTER TAX	-137	-38
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	268	303
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Equity holders of the parent	270	303
Non-controlling interests	-2	–
	268	303

CONSOLIDATED BALANCE SHEET

GROUP

SEK MILLION	NOTE	31 DEC. 2010	31 DEC. 2009
ASSETS			
<i>Non-current assets</i>			
INTANGIBLE ASSETS	14		
Goodwill		712	514
Other intangible assets		761	555
TOTAL INTANGIBLE ASSETS		1,473	1,069
PROPERTY, PLANT AND EQUIPMENT	15		
Land and buildings		338	273
Machinery		136	133
Equipment		158	141
Construction in progress and advances for property, plant and equipment		25	16
TOTAL PROPERTY, PLANT AND EQUIPMENT		657	563
FINANCIAL ASSETS			
Financial assets available for sale	16	6	7
Non-current receivables	17	13	13
Deferred tax assets	12	31	28
TOTAL FINANCIAL ASSETS		50	48
TOTAL NON-CURRENT ASSETS		2,180	1,680
CURRENT ASSETS			
Inventories	18	1,183	1,064
Accounts receivable – trade	19	1,047	901
Current tax assets		49	47
Other current receivables		40	29
Prepaid expenses and accrued income	20	75	49
Cash and cash equivalents	29	219	229
TOTAL CURRENT ASSETS		2,613	2,319
TOTAL ASSETS		4,793	3,999

CONSOLIDATED BALANCE SHEET

cont.

GROUP

SEK MILLION	NOTE	31 DEC. 2010	31 DEC. 2009
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital		40	40
Reserves		-32	79
Profit brought forward incl. net profit for the year		1,736	1,525
TOTAL EQUITY		1,744	1,644
<i>Non-current liabilities</i>			
Borrowings	22	735	672
Other non-current liabilities		0	2
Pension obligations	23	158	122
Deferred tax liabilities	12	228	128
Other provisions	24	49	94
TOTAL NON-CURRENT LIABILITIES		1,170	1,018
<i>Current liabilities</i>			
Borrowings	22	716	375
Accounts payable – trade		493	424
Current tax liabilities		67	32
Other current liabilities		192	164
Provisions	24	125	87
Accrued expenses and deferred income	25	286	255
TOTAL CURRENT LIABILITIES		1,879	1,337
TOTAL EQUITY AND LIABILITIES		4,793	3,999
PLEDGED ASSETS	27	272	236
CONTINGENT LIABILITIES	28	4	1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

SEK MILLION	Attributable to owners of the parent				Total Non-controlling interests	Total equity
	Share capital	Reserves	Profit brought forward	Total		
OPENING BALANCE, 1 JANUARY 2009	40	126	1,431	1,597	–	1,597
COMPREHENSIVE INCOME						
Net profit for the year	–	–	341	341	–	341
OTHER COMPREHENSIVE INCOME						
Actuarial gains/losses	–	–	12	12	–	12
Tax attributable to actuarial gains/losses	–	–	-3	-3	–	-3
Exchange rate differences	–	-47	–	-47	–	-47
TOTAL COMPREHENSIVE INCOME	–	-47	350	303	–	303
TRANSACTIONS WITH SHAREHOLDERS						
Dividend payout for 2008	–	–	-256 ¹⁾	-256	–	-256
OPENING BALANCE, 1 JANUARY 2010	40	79	1,525	1,644	–	1,644
COMPREHENSIVE INCOME						
Net profit for the year	–	–	407	407	-2	405
OTHER COMPREHENSIVE INCOME						
Fair value adjustment of hedge instruments	–	18	–	18	–	18
Tax attributable to fair value adjustment	–	-4	–	-4	–	-4
Actuarial gains/losses	–	–	-35	-35	–	-35
Tax attributable to actuarial gains/losses	–	–	9	9	–	9
Exchange rate differences	–	-125	–	-125	0	-125
TOTAL COMPREHENSIVE INCOME	–	-111	381	270	-2	268
TRANSACTIONS WITH SHAREHOLDERS						
Dividend payout for 2009	–	–	-172 ²⁾	-172	–	-172
Holdings with non-controlling interest acquired through acquisitions of businesses	–	–	–	–	4	4
TOTAL TRANSACTIONS WITH SHAREHOLDERS	–	–	-172	-172	4	-168
CLOSING BALANCE, 31 DECEMBER 2010	40	-32	1,734	1,742	2	1,744

¹⁾ The dividend per share in 2008 was SEK 5.25.

²⁾ The dividend per share in 2009 was SEK 4.30. The proposed dividend per share for 2010 is SEK 5.10.

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP

SEK MILLION	NOTE	2010	2009
OPERATING ACTIVITIES			
Cash flow from operating activities	29	851	801
Interest received		5	7
Interest paid		-50	-49
Paid tax		-150	-201
CASH FLOW FROM OPERATING ACTIVITIES		656	558
INVESTING ACTIVITIES			
Acquisitions of subsidiaries	26	-684	-188
Acquisitions of property, plant and equipment	15	-117	-90
Sales of property, plant and equipment	15	20	15
Acquisitions of intangible non-current assets	14	-14	-15
Decrease/increase in financial assets		0	0
CASH FLOW FROM INVESTING ACTIVITIES		-795	-278
FINANCING ACTIVITIES			
Borrowings		674	628
Repayment of debt		-353	-640
Dividend		-172	-256
CASH FLOW FROM FINANCING ACTIVITIES		149	-268
CASH FLOW FOR THE YEAR		10	12
CASH AND CASH EQUIVALENTS AT START OF YEAR		229	223
EXCHANGE RATE DIFFERENCES IN CASH AND CASH EQUIVALENTS		-20	-6
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	219	229

INCOME STATEMENT PARENT COMPANY

PARENT COMPANY

SEK MILLION	NOTE	2010	2009
Net sales		4	1
GROSS PROFIT		4	1
Administrative expenses		-44	-34
Other operating income/expenses	4	-1	-1
OPERATING LOSS	5, 6, 7, 8, 13, 30	-41	-34
Financial income	9	31	20
Financial expenses	10	-45	-48
Profit from participations in Group companies	11	628	378
		614	350
PROFIT AFTER FINANCIAL ITEMS		573	316
Change in tax allocation reserve		-53	14
Excess depreciation of equipment		0	-1
PROFIT BEFORE TAX		520	329
Tax	12	-45	-40
NET PROFIT FOR THE YEAR		475	289

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	2010	2009
Net profit for the year		475	289
Other comprehensive income		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		475	289

BALANCE SHEET PARENT COMPANY

PARENT COMPANY				PARENT COMPANY			
SEK MILLION	NOTE	31 DEC. 2010	31 DEC. 2009	SEK MILLION	NOTE	31 DEC. 2010	31 DEC. 2009
ASSETS				EQUITY AND LIABILITIES			
<i>Non-current assets</i>				<i>Equity</i>			
INTANGIBLE NON-CURRENT ASSETS				RESTRICTED EQUITY			
Software and licences	14	2	2	Share capital		40	40
				Statutory reserve		5	5
				<hr/>			
						45	45
PROPERTY, PLANT AND EQUIPMENT				UNRESTRICTED EQUITY			
Equipment	15	1	2	Profit brought forward		664	547
				Net profit for the year		475	289
				<hr/>			
						1,139	836
FINANCIAL ASSETS				TOTAL EQUITY			
Participations in Group companies	16	1,677	1,329			1,184	881
Non-current receivables	17	1	–	<i>Untaxed reserves</i>			
Deferred tax assets	12	0	3	Tax allocation reserve		53	–
<hr/>				Excess depreciation of equipment		1	1
TOTAL FINANCIAL ASSETS		1,678	1,332	TOTAL UNTAXED RESERVES			
						54	1
<hr/>				<i>Non-current provisions</i>			
TOTAL NON-CURRENT ASSETS		1,681	1,336		24	8	83
<i>Current assets</i>				<i>Non-current liabilities</i>			
CURRENT RECEIVABLES				TOTAL NON-CURRENT LIABILITIES			
Receivables from Group companies		1,054	627	Borrowings	22	474	420
Current tax assets		27	26	Pension obligations		1	–
Other receivables		0	0	<hr/>			
Prepaid expenses and accrued income	20	2	2	TOTAL NON-CURRENT LIABILITIES		475	420
<hr/>				<i>Current liabilities</i>			
TOTAL CURRENT RECEIVABLES		1,083	655	Borrowings	22	555	288
				Accounts payable – trade		3	0
Cash and cash equivalents	29	5	41	Liabilities to Group companies		356	285
<hr/>				Other current liabilities		1	0
TOTAL CURRENT ASSETS		1,088	696	Provisions	24	121	68
				Accrued expenses and deferred income	25	12	6
<hr/>				TOTAL CURRENT LIABILITIES			
TOTAL ASSETS		2,769	2,032			1,048	647
				<hr/>			
				TOTAL EQUITY AND LIABILITIES		2,769	2,032
				<hr/>			
				PLEGDED ASSETS	27	95	127
				CONTINGENT LIABILITIES	28	358	295

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

SEK MILLION	Share capital	Reserves	Retained profit	Total
OPENING BALANCE, 1 JANUARY 2009	40	5	803	848
COMPREHENSIVE INCOME				
Net profit for the year	–	–	289	289
Other comprehensive income	–	–	–	–
TRANSACTIONS WITH SHAREHOLDERS				
Dividend payout for 2008	–	–	-256 ¹⁾	-256
OPENING BALANCE AT 1 JANUARY 2010	40	5	836	881
COMPREHENSIVE INCOME				
Net profit for the year	–	–	475	475
Other comprehensive income	–	–	–	–
TRANSACTIONS WITH SHAREHOLDERS				
Dividend payout for 2009	–	–	-172 ²⁾	-172
CLOSING BALANCE, 31 DECEMBER 2010	40	5	1,139	1,184

¹⁾ The dividend per share for 2008 was SEK 5.25.

²⁾ The dividend per share for 2009 was SEK 4.30. The proposed dividend per share for 2010 is SEK 5.10.

CASH FLOW STATEMENT PARENT COMPANY

PARENT COMPANY

SEK MILLION	NOTE	2010	2009
OPERATING ACTIVITIES			
Cash flow from operating activities	29	-307	93
Interest received		14	18
Interest paid		-36	-37
Group contributions received and dividend income		562	490
Tax paid		-43	-90
CASH FLOW FROM OPERATING ACTIVITIES		190	474
INVESTING ACTIVITIES			
Acquisitions of subsidiaries	16	-370	-135
Acquisitions of property, plant and equipment	15	0	0
Acquisitions of intangible, non-current assets	14	-	-1
Change in financial assets		-1	122
CASH FLOW FROM INVESTING ACTIVITIES		-371	-14
FINANCING ACTIVITIES			
Borrowings		592	426
Repayment of debt		-121	-350
Change in current financial liabilities		-154	-257
Dividends paid		-172	-256
CASH FLOW FROM FINANCING ACTIVITIES		145	-437
CASH FLOW FOR THE YEAR		-36	23
Cash and cash equivalents at start of year		41	18
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	5	41

NOTES

Amounts stated in the notes are in SEK million unless otherwise indicated.

Note 1 GENERAL ACCOUNTING AND VALUATION PRINCIPLES

General

The Indutrade Group markets and sells components, systems and services with a high-tech content to industrial companies in selected niches. The Group is organised in four business areas: Engineering & Equipment, Flow Technology, Industrial Components and Special Products. Business is conducted via subsidiaries in 25 countries. Indutrade's shares are listed on Nasdaq OMX Stockholm, Mid Cap list.

The Parent Company is a limited liability company with registered office in Stockholm.

This annual report and the consolidated financial statements were approved by the Board of Directors for publication on 21 March 2011. The consolidated and parent company income statements and balance sheets will be presented for adoption by the Annual General Meeting on 27 April 2011.

Basis of preparation

The consolidated accounts for the Indutrade Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and in accordance with RFR 1 and the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the cost method, with the exception of revaluations of derivative instruments, which are stated at fair value through profit or loss.

Preparation of reports in accordance with IFRS requires the use of a number of important accounting estimations. Further, application of the Company's accounting principles requires that management makes certain assessments. Areas that involve a high degree of assessment, or areas in which assumptions and estimations are of material significance for the consolidated financial statements, are described below. See the section "Important estimations and assumptions for accounting purposes".

Standards, amendments and interpretations that apply as from 1 January 2010

Effective 1 January 2010 the Group applies two revised standards: IAS 27 R: Consolidated and Separate Financial Statements, and IFRS 3 R Business Combinations. The new rules are applied for acquisitions carried out after 1 January 2010. For Indutrade, this entails that transaction costs are no longer capitalised, but are instead recognised and reported as "Other operating expenses" in the income statement. Any revaluations of conditional earn-out payments will be reported through profit or loss for acquisitions carried out on 1 January 2010 and thereafter.

Since the amendments to IFRS 3 regarding the reporting of transaction costs are in conflict with the Annual Accounts Act, transaction costs in the Parent Company's accounts will continue to be capitalised and included in "Financial assets".

Apart from these two amendments, there are no new IFRSs or IFRIC pronouncements that are relevant for the Group.

Standards, amendments and interpretations that apply as from 1 January 2011

No newly issued IFRSs or interpretations have been applied prospectively.

With respect to future financial years, there are no new IFRSs or IFRIC pronouncements that will have a significant impact on the Group's result of operations and position in 2011.

Basis of consolidation

The consolidated accounts include subsidiaries in which the Parent Company directly or indirectly has a controlling influence. Subsidiaries are included in the consolidated accounts from the date when the controlling influence is transferred to the Group. They are excluded from the consolidated accounts from the date when the controlling influence ceases.

The purchase method has been used for reporting of the Group's business acquisitions. The purchase price for acquisition of a subsidiary consists of the fair value of the transferred assets and liabilities. The purchase price also includes the fair value of all assets and liabilities that are the result of an agreement on a conditional earn-out payment. Acquisition-related costs are expensed as they arise. Identifiable, acquired assets and liabilities taken over in a business acquisition are initially carried at fair value as per the acquisition date. For each acquisition, the Group determines if all holdings with a non-controlling influence in the acquired company are to be reported at fair value or at the holding's proportional share of the acquired company's net assets. The amount at which the purchase price, any holdings without a controlling influence and the fair value as per the date of acquisition of previous shareholdings exceeds the fair value of the Group's share of identifiable, acquired net assets, is reported as goodwill.

Intra-Group transactions and balance sheet items as well as unrealised gains and losses on transactions between Group companies are eliminated.

The Group treats transactions with owners without a controlling influence as transactions with the Group's shareholders. Transactions with owners without a controlling influence are reported as Equity.

Translation of foreign currency

Items that are included in the financial statements for the Group's various units have been valued in the currency that is used in the economic environment in which the respective company mainly operates (the functional currency). In the consolidated accounts, the Swedish krona (SEK) is used, which is the Parent Company's functional and reporting currency. The result and financial position of all Group companies that have a different functional currency than their reporting currency are translated to the Group's reporting currency in accordance with the following:

- assets and liabilities on each of the subsidiaries' balance sheets are translated at the exchange rate in effect on the balance sheet date,
- income and expenses in each of the income statements are translated at the average exchange rate, and
- all exchange rate differences that arise are reported as other comprehensive income.

Goodwill and fair value adjustments that arise in connection with the acquisition of a foreign business are treated as assets and liabilities in the acquired company and are translated at the exchange rate in effect on the balance sheet date.

Transactions and balance sheet items in foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate in effect on the transaction date. Exchange rate gains and losses that arise upon payment in such transactions and when translating monetary assets and liabilities in foreign currencies at the exchange rate on the balance sheet date are reported through profit or loss. An exception to this rule is applied for transactions that constitute hedges that meet the conditions for hedge accounting of cash flows or of net investments, for which gains/losses are reported in other comprehensive income.

Exchange rate differences that arise upon translation or recognition of operating assets/liabilities are reported as other income/expenses, while exchange rate differences that arise upon payment of financial assets/liabilities are reported as financial income/expenses.

Intangible non-current assets

Goodwill

Goodwill represents the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold. Goodwill is allocated

at the segment level for impairment testing. For impairment testing during the year, see "Testing of goodwill impairment for non-financial assets" below.

Agencies, trademarks, customer relationships, etc.

The Group's standpoint in connection with an acquisition is that agencies, customer relationships, etc., and the item "Software, licences, etc." have a limited useful life and are carried at cost less accumulated amortisation. Trademarks are possible to identify in connection with major company acquisitions. Trademarks that have been capitalised to date have been judged to have an unlimited useful life, and no amortisation is recognised. Instead, an impairment test is conducted annually, as for goodwill.

In connection with nearly all company acquisitions completed by Indutrade, a value is identified for purchased agencies and the customer relationships that are included as part of the acquisition. Since most of Indutrade's acquisitions are small, it is not possible to itemise the intangible assets. For small acquisitions, the cost of customer lists and agencies is normally valued at one year's gross margin. According to IFRS, supplementary disclosures are to be made for each significant intangible asset. Since the Indutrade Group's intangible assets consist for the most part of many small sub-items, where none constitutes an intangible item with material impact on the Group's result or position, no supplementary disclosures are made for these minor intangible assets.

Amortisation is calculated on a straight-line basis to allocate the cost of these assets over their estimated useful lives (usually 5–10 years). Acquired items such as software, licences, etc. are valued at cost and are amortised over their estimated useful lives.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation according to plan. Cost includes costs that are directly attributable to the acquisition of the asset. Additional charges are added to the asset's carrying amount or are reported as a separate asset, depending on which is suitable, only when it is probable that the future economic benefit associated with the asset will accrue to the Group and the asset's cost can be measured in a reliable manner. All other forms of repairs and maintenance are reported as costs in the income statement in the period in which they were incurred. Property, plant and equipment are depreciated over their estimated useful lives. The following depreciation periods are used:

Buildings 25–40 years

Machinery 5–10 years

Equipment 3–10 years

No depreciation is booked for land.

The assets' residual value and useful lives are tested for impairment at the end of every reporting period and are adjusted as necessary. Gains and losses on disposals of non-current assets are reported in the function in which depreciation has been reported prior to their disposal.

Impairment testing of non-financial assets

Goodwill, land and brands are judged to have an indefinite useful life and are not amortised, but are instead tested annually for impairment. Impairment is judged on the basis of a decline in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognised for the amount in which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling costs and its value in use. When determining any need to recognise impairment, assets are grouped at the lowest levels in which there are separate, identifiable cash flows (cash-generating units). For Indutrade this entails that such determination is done at the segment level. For assets other than financial assets and goodwill for which an impairment loss has previously been recognised, a test is performed as per each balance sheet date to determine if any reversals should be done.

Inventories

Inventories are stated at the lower of their cost and net realisable value. The cost is calculated using the first-in first-out (FIFO) method. The cost of finished goods and work in progress consists of raw materials, direct wages, other direct costs and related indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in the normal course of business, less relevant variable selling costs.

Financial instruments

The Group mainly has the following financial instruments: trade accounts receivable, cash and cash equivalents, trade accounts payable, borrowings and derivative instruments.

Trade accounts receivable

Trade accounts receivable are stated initially at fair value and thereafter in the amount that is expected to be received after individual assessment. A provision for decreases in the value of trade accounts receivable is made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivable. Testing is conducted locally in the respective subsidiaries. The asset's carrying amount is reduced by use of a value impairment account, and the loss is reported in the income statement under the item "Selling costs". Recoveries

of previous impairment losses are credited to selling costs in the income statement.

Since the Group consists of some 150 active companies, the item trade accounts receivable consists of many small amounts. The subsidiaries have close contact with their customers, and thus valuation of trade accounts receivable does not pose any difficulty. The risk is lower, and the subsidiaries can act quickly, if a customer does not pay in accordance with the terms and conditions. See also note 2. Since Indutrade's trade accounts receivable normally have a remaining term of less than six months, the carrying amount is considered to reflect the fair value.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. Drawn bank overdraft facilities are stated in the balance sheet under "Borrowings".

Trade accounts payable

Trade accounts payable are initially stated at fair value and thereafter at amortised cost using the effective interest method. Since Indutrade's trade accounts payable normally have a remaining term of less than six months, the carrying amount is considered to reflect the fair value.

Borrowings

Loans are stated initially at fair value, net after deducting transaction costs. They are thereafter stated at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is stated in the income statement allocated over the duration of the loans using the effective interest method. Borrowings are classified a non-current liabilities unless the Group has an unconditional right to defer repayment by at least 12 months after the balance sheet date.

Derivative instruments

Derivative instruments are reported on the balance sheet on the contract date at fair value, both initially and for subsequent revaluations. The method for reporting the gain or loss that arises in connection with revaluation depends on whether the derivative instrument has been identified as a hedge instrument and, if such is the case, the character of the items that has been hedged. The Group identifies certain derivatives as a hedge of a particular risk that is coupled to a reported asset or liability, or a very probable, prognosticated transaction (cash flow hedging). The Group's other derivatives consist of forward contracts. Realised and unrealised gains and losses as a result of changes in fair value are included in the income statement during the period in which they arise. Gains and losses arising from

forward cover of payments in foreign currencies are posted as other operating income/expense, and the earnings effect of forward contracts used to hedge loans is reported among financial income and expenses.

Cash flow hedging

The effective portion of changes in fair value of a derivative instrument that is identified as a cash flow hedge and that meets the conditions for hedge accounting is reported in other comprehensive income. Presently Indutrade uses interest rate swaps to hedge borrowings at variable interest rates. The gain or loss that is attributable to the ineffective portion is reported immediately in the income statement in the item interest expense.

Accumulated amounts in equity are restated in the income statement in the periods in which the hedged item affects earnings (e.g., when the prognosticated interest payment that is hedged is made). The gain or loss that is attributable to the effective portion of interest rate swaps is reported as interest expense in the income statement.

When a hedge instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting and accumulated gains or losses pertaining to the hedge are in equity, these gains/losses remain in equity and are recognised at the same time that the prognosticated transaction is finally reported in the income statement. When a prognosticated transaction is no longer expected to take place, the accumulated gain or loss that has been reported in equity is immediately transferred to financial items in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or have not been classified in any other category. These are included in non-current assets unless management has the intention of selling the asset within 12 months after the balance sheet date. The Group has only negligible holdings of such assets. The carrying amount is not considered to deviate noticeably from the fair value.

Provisions

A provision is reported on the balance sheet when the Group has a formal or constructive obligation as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be calculated in a reliable manner. A provision is made for estimated, future earn-out payments associated with purchases of shares.

The earn-out payment is based on future profits in the acquired company. The provision is stated at fair value by discounting the provision for the earn-out payment using a

discount rate of 5%. The level of the discount rate is based on the Group's average borrowing.

Future obligations for guarantee commitments are based on outlays for similar costs during the financial year or calculated costs for the respective obligations.

Leases

IAS 17 defines a lease as an agreement whereby a lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

The Group leases certain non-current assets, mainly premises and cars.

Leases in which the Group in all essential respects accepts the financial risks are classified as finance leases. At the start of the lease period, finance leases are carried on the balance sheet at the lower of the leased asset's fair value and the present value of the minimum lease payments. Every lease payment is allocated among amortisation of debt and financial expenses to achieve a fixed rate of interest for the reported liability. Corresponding payment obligations, after deducting financial expenses, are included in the balance sheet under long-term and short-term borrowings. The interest portion of financial expenses is reported in the income statement allocated over the period of the lease so that every reporting period is charged with an amount that corresponds to a fixed interest rate for the liability reported during the respective periods. Non-current assets held under finance leases are depreciated during the shorter of the asset's useful life or lease period.

Segment reporting

The Group applies IFRS 8. Segment reporting is based on the internal reporting to the chief operating decision maker. For Indutrade, this means the Group CEO and the key ratios that are presented regarding the business areas.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are reported in the income statement, except in cases where the tax is attributable to items that are reported directly against equity.

Current tax is tax that is to be paid or received in the current year using the tax rates that apply on at the balance sheet date; this also includes adjustments of current tax attributable to earlier periods. Tax is calculated according to the tax rate in the respective countries.

Deferred taxes attributable to temporary differences between the book value and the taxable value of assets and liabilities are reported in full in the consolidated accounts, while the Parent Company still reports the difference pertaining to machinery and equipment as an untaxed

reserve. However, deferred tax liability is not reported if it arises as a result of initial recognition of goodwill. Valuation of deferred tax is based on how the underlying asset or liability is expected to be realised or settled. Deferred tax is calculated using the tax rates that apply on at the balance sheet date or announced as per the balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the tax liability is settled. Deferred tax assets attributable to deductible, temporary differences and unutilised tax-loss carryforwards are reported to the extent that it is probable that they will be utilised in the foreseeable future.

Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution pension plans. A defined benefit pension plan is a pension plan that specifies a level of post-retirement pension benefits. A defined contribution pension plan is a pension plan to which the Group makes set contributions to a separate legal entity.

The liability carried on the balance sheet pertaining to defined benefit pension plans consists of the present value of the defined benefit obligations on the balance sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is calculated by discounting the anticipated future cash flows using the rate of interest for high-grade corporate bonds or, alternatively, government bonds, in those countries in which such a market exists, with maturities that correspond to the pension obligations and currency.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income after taking into account payroll tax and deferred tax.

Pension costs relating to past service are recognised directly through profit or loss.

For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension plans on a statutory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are reported as payroll cost when they are due for payment.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary departure in exchange for such benefits. The Group reports severance pay when it is

demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or to providing termination benefits as a result of an offer made to encourage voluntary departures.

Profit-sharing and bonus plans

The Parent Company and most of the subsidiaries have bonus or profit-sharing systems based on the earnings performance of each unit. The Group reports a liability and an expense for these programmes. Reporting is done in the period the cost pertains to.

Development costs

The Group conducts only product-specific development activities. Outlays for development are reported as development costs in the income statement as they arise. If the requirements in IAS 38 for internally prepared intangible assets are fulfilled, then the development that has been conducted is capitalised and is included in "Other intangible assets" in note 14. The requirements of this standard are that the development costs pertain to identifiable, unique assets that are controlled by the Group. Capitalisation is done if it is technically possible to complete preparation of the asset and the intention is to use or sell the asset, that it can be shown that future economic benefit is likely, and that the costs can be calculated in a reliable manner.

Revenue recognition

The Group recognises revenue when its amount can be measured in a reliable manner and it is probable that future economic benefit will accrue to the Company. Revenue is recognised excluding value added tax and discounts. The Group's sales consists in all essential respects of sales of products. Revenue from sales of products is recognised when ownership, i.e., the benefits and risks, has been transferred to the buyer. The date on which ownership is transferred is regulated in most sales made by the Group in written agreements with the buyer. For the small portion of sales that pertain to sales of services, the revenue is recognised when the services are rendered.

Interest income is recognised taking into account accrued interest on the balance sheet date. Dividend income is recognised when the right to receive payment has been determined.

Important estimations and assumptions for accounting purposes

The Group makes estimations and assumptions about the future. By definition, the estimations for accounting purposes that are a consequence of these rarely match the actual

outcome. This applies primarily for the need to recognise impairment (note 14) and employee benefit-based pension obligations (note 23). Assumptions and estimations are evaluated continuously and are based on historical experience and anticipations of future events that are considered to be reasonable under prevailing conditions.

Impairment testing of non-financial assets

Each year an impairment test is conducted to determine if there is any need to recognise impairment of non-financial assets. The recoverable value for cash-generating units has been determined by calculating value in use. For these calculations, certain assumptions must be made. These are shown in note 14.

Valuation of pension obligations

In calculating the liability in the balance sheet pertaining to defined benefit pension plans, various assumptions have been made, as described in note 23. If the discount rate were to be lowered by 1 percentage point, the PRI liability would increase by SEK 23 million, including payroll tax, and other

defined benefit plans would increase by SEK 47 million. If the discount rate were to be increased by 1 percentage point, the PRI liability would decrease by SEK 18 million, including payroll tax, and other defined benefit plans would decrease by SEK 37 million.

Parent Company

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act and RFR 2, Reporting for Legal Entities. According to RFR 2, in the annual report for a legal entity, the Parent Company shall apply all IFRSs and statements endorsed by the EU as far as possible within the confines of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendations indicate which exceptions and amendments are to be applied with respect to IFRS.

Participations in Group companies are reported in the Parent Company using the cost method. Untaxed reserves are reported in the Parent Company including deferred tax liabilities and not as in the Group broken down into deferred tax liabilities and equity

Note 2 RISKS AND RISK MANAGEMENT

Market risks

The Indutrade Group's operations are conducted in 25 countries. This geographic spread along with a large number of customers and products provides relatively limited risk exposure and sensitivity to economic fluctuations. The Group's operations are conducted with two main focuses: trading companies with industrial technology sales, and companies that manufacture their own products.

For the companies involved in trading, there is the risk of an agency relationship being terminated. This could occur, for example, in connection with a structural change at the supplier level. This is a natural occurrence in an agency's operations, and the organisation has experience in dealing with this. Indutrade has more than 100 trading companies with a few main agencies per company, complemented by a number of smaller agencies. Because of the large number of agencies, no individual agency accounts for a decisive economic risk from the Group's perspective.

The risk associated with major customers deciding to bypass the agency level and trade directly with the producers is limited, since customers place great value on the technical expertise, availability and delivery reliability provided by an inventory-holding local technology sales company such as Indutrade. Indutrade's companies also provide aftermarket services such as servicing.

Financial risks

Owing to its international operations, the Indutrade Group is exposed to various types of financial risk:

- Financing risk
- Interest rate risk
- Currency risk
- Customer and counterparty risk.

Finance policy

Indutrade's board of directors adopts the Company's finance policy on a yearly basis. This policy establishes the Company's financial strategy and internal delegation of responsibilities. The policy also governs such matters as how financing, liquidity management and currency risk management should be handled within the Group and the restrictions that should be considered in terms of counterparties.

Financing risk

Financing risk is the risk that financing of the Group's capital requirement is impeded or becomes more expensive. This is mitigated as far as possible by ensuring that the Company has a maturity structure that facilitates the taking of necessary alternative actions required to secure the raising of capital should this be necessary. Indutrade takes a central approach to the Group's financing. In principle, all external financing is conducted by the Parent Company, which then finances the Group's subsidiaries, both in and outside Swe-

den, in local currency. Group account systems are established in Sweden, Finland, Norway and the Netherlands.

At year-end 2010 the Parent Company had external interest-bearing loans worth SEK 1,029 million (708). The corresponding amount for the Group was SEK 1,451 million (1,047). After taking interest-bearing provisions (excluding earn-out payments) and cash and cash equivalents into account, the Group's interest-bearing net debt, including other interest-bearing liabilities, was SEK 1,390 million at year-end, compared with SEK 940 million a year earlier.

At year-end 2010 the Group had SEK 219 million (229) in cash and cash equivalents and SEK 900 million (497) in unutilised credit facilities. Of the Group's interest-bearing loans, 51% of the total amount falls due for payment after 31 December 2011. For a more detailed analysis of maturities, see the description of the Group's borrowings in note 22.

The Group strives to strike a reasonable balance between equity, debt financing and liquidity, to enable the Group to secure financing at a reasonable capital cost. The Group's goal is that the net debt/equity ratio, defined as interest-bearing liabilities less cash and cash equivalents in relation to equity, will normally not exceed 100%. At year-end the debt/equity ratio was 80% (57%).

Interest rate risk

Interest rate risk is the risk that unfavourable changes in interest rates will have an excessive impact on the Group's net financial items and earnings. At year-end 2010 most of the Group's loans carried variable rates of interest. In autumn 2010 the Parent Company entered into a contract to hedge SEK 500 million of its borrowing at variable interest to fixed interest for five years. The difference between the fixed and variable interest is expensed in the income statement. The valuation of the interest rate swap has resulted in a gain of SEK 13 million, which is reported in other comprehensive income.

Based on the loan structure at year-end, a 1% rise in the interest rate on an annualised basis would result in an increase of about SEK 14 million in higher interest expense (8), without taking into account the loans' fixed interest periods. Taking into account the existing fixed interest periods, the effect would be approximately SEK 9 million (8). Profit after tax would be affected by SEK -7 million (-6).

The table below shows the remaining terms of loans until maturity. Bank overdraft facilities are not included. For information on the utilisation of bank overdraft facilities and granted credit limits, see note 22.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Maturity dates for financial liabilities:				
Maturity 2010	–	315	–	258
Maturity 2011	588	322	474	223
Maturity 2012	468	167	253	43
Maturity 2013	262	73	241	67
Maturity 2014	4	119	–	115
Maturity 2015 or thereafter	34	11	1	–
Total borrowings incl. interest, SEK million	1,356	1,007	969	706

Currency risk

Currency risk is the risk of unfavourable movements in exchange rates affecting consolidated earnings and equity measured in SEK:

- Transaction exposure arises as a result of the Group having incoming and outgoing payments in foreign currencies.
- Translation exposure arises as a result of the Group, via its foreign subsidiaries, having net investments in foreign currencies.

The Indutrade Group's transaction exposure arises primarily when subsidiaries import products for sale in the domestic market. Exchange rate effects are eliminated as far as possible by using currency clauses in customer contracts and by buying and selling in the same currency. In special cases, forward contracts are used. Indutrade therefore considers its transaction exposure to be limited.

The consolidated income statement includes SEK -6 million (-4), net, in exchange rate differences in operating profit and SEK 4 million (0), net in financial items.

With respect to transaction exposure, at 31 December 2010 Indutrade had net exposure of SEK -42 million in foreign currency (-90). See the breakdown of currencies in the following table.

Net exposure at year-end

GROUP	2010		2009	
	local currency	SEK	local currency	SEK
in millions				
EUR	-2.4	-22	-5.7	-59
GBP	-2.7	-28	-2.6	-30
USD	1.3	9	-1.2	-9
CHF	-1.1	-8	-1.0	-7
DKK	5.8	7	10.8	15
Other currencies		0		0

At year-end the Group had outstanding forward contracts worth SEK 72 million (41) to reduce the currency risk associated with future flows, of which SEK 12 million (1) pertains to EUR, and SEK 60 million (40) pertains to USD. The contracts in EUR expire within seven months from year-end, while the USD contracts expire within six months. A market valuation of outstanding forward contracts as per 31 December 2010 has resulted in an unrealised gain of SEK 1 million (0).

The Parent Company has hedged a payment in CHF that fell due in early January 2011. The result of measurement at fair value amounted to SEK 5 million and is included in comprehensive income for the Group. In addition, the Parent Company has hedged outstanding receivables from subsidiaries. Forward contracts pertain to DKK 40 million (31), NOK 14 million (20), GBP 16 million (17) and EUR 166 million (135). All contracts have a term of less than one year.

The Group is exposed to a translation risk on the translation of the accounts of foreign subsidiaries into the Group currency, SEK. This type of currency risk is not hedged. Net investments in foreign subsidiaries at year-end are shown in the following table. Indutrade also had net investments in other currencies than below both in 2010 and 2009, but the amounts were insignificant.

Net investments in foreign subsidiaries

GROUP	2010		2009	
	local currency	SEK	local currency	SEK
Net exposure in millions				
EUR	69.3	624	73.2	758
LKR	1,972	121	2,233	141
DKK	72.1	87	52.4	73
NOK	61	70	48.2	60
GBP	6.8	72	7.4	85
Other currencies		0		0

Indutrade estimates that the Company's translation exposure entails that a 1% change in the value of the Swedish krona vs. other currencies – based on the current distribution of sales and earnings – would result in a yearly positive/negative effect corresponding to approximately SEK 37 million (40) on net sales and approximately SEK 3.0 million (2.8) on net profit.

Customer and counterparty risk

Credit risks in the treasury management activities arise in connection with investments of cash and cash equivalents, and as counterparty risks in connection with the use of forward contracts. These risks are limited by using counterparties that have been approved in accordance with the guidelines contained in the finance policy.

The risk of the Group's customers failing to meet their obligations, i.e., of payment not being received from customers, constitutes a customer credit risk. Assessment of Indutrade's credit risk in commercial transactions is handled by the respective subsidiaries. Indutrade's exposure to individual customers is small and the risk spread is considered to be favourable. No single customer accounts for more than 2% of consolidated sales. The Indutrade Group does business in many countries, which leads to a spread of credit risk exposure over several geographic markets. For information on sales and profit per geographic area, see note 3.

For information on age analysis, provisions for doubtful trade accounts receivable and customer losses, see note 19.

Note 3 SEGMENT REPORTING

The Group is organised into four business areas: Engineering & Equipment, Flow Technology, Industrial Components and Special Products, which constitute the Group's operating segments. The Group's business areas conduct business primarily in the Nordic countries and northern Europe.

The Engineering & Equipment business area offers customised niche products, design solutions, aftermarket service and special processing. Products consist primarily of hydraulics and pneumatics, industrial equipment, flow products, transmissions and measuring instruments.

The Flow Technology business area offers components and systems for regulating, controlling and monitoring flows. Products consist primarily of valves, pumps, measuring and analysis instruments, pipe systems, hydraulics, compressors and service.

The Industrial Components business area offers a wide range of technically advanced components and systems for production and maintenance. The product areas consist mainly of fasteners, mechanical components, pumps, lubricants, rust and corrosion prevention products, adhesives and chemical technology products, cutting tools, transmissions and automation, medical technology products, filters and process technology products.

The Special Products business area offers custom-fabricated niche products, design solutions, aftermarket service, assembly and special processing. The product areas are primarily valves, electrical components, glass, technical ceramics, measurement technology products, special plastics, filter and process technology, industrial springs, piston rings and hydraulic couplings.

According to IFRS, the part of operations that does not constitute its own operating segment is to be called "Other". At Indutrade, only the Parent Company has a segment called "Other". Indutrade AB lacks a major revenue source, which is why the Parent Company does not constitute its own operating segment.

The operating segments are followed up through "Net sales", which include both external and internal sales. However, the scope of internal sales between the subsidiaries is very limited, which is shown in the eliminations column in the table below.

The earnings metric that is followed up in Indutrade is EBITA. The table below also shows Profit before tax, as required by IFRS.

The business areas are followed up using the same accounting principles as the Group.

The Indutrade Group does not receive revenue from any single customer that amounts to 10% of total, which is why no data is reported on this.

Investments in non-current assets include purchases of intangible assets (note 14), and property, plant and equipment (note 15).

The principle for breaking down external revenue and non-current assets per geographic area in the table below are that such reporting is based on the location of the subsidiary's registered office.

The products that Indutrade sells can be broken down into roughly 20 product categories. The largest, valves, accounted for 26% of net sales in 2010, or SEK 1,754 million (1,836). Hydraulics and industrial equipment accounted for 16%, or SEK 1,108 million (1,039), and measurement technology for 15%, or SEK 1,043 million (992). Other product categories each accounted for 8% or less of net sales.

INDUTRADE'S OPERATING SEGMENTS

2010	EE	FT	IC	SP	PC	Elim.	Total
Net sales	1,409	1,743	1,455	2,164	4	-30	6,745
Operating profit	84	136	125	303	-41	7	614
Net financial items	-5	-12	-6	-21	614	-631	-61
Profit before tax	79	124	119	282	573	-624	553
Amortisation of intangible assets	-16	-19	-15	-39	0	-	-89
EBITA	100	155	140	342	-41	7	703
EBITA margin, %	7.1	8.9	9.6	15.8	-	-	10.4
Depreciation of property, plant and equipment	-9	-20	-17	-51	-1	-	-98
Sales growth, %	-10	3	25	15	-	-	8
Operating capital	415	826	517	1,558	2,209	-2,391	3,134
Return on operating capital, %	22	22	29	24	-	-	23
Investments in non-current assets	15	28	23	74	0	-	140
Total assets	650	1,467	915	2,084	2,769	-3,092	4,793
Total liabilities	381	1,134	559	842	1,585	-1,452	3,049

Note 3 continued

INDUSTRY'S OPERATING SEGMENTS

2009	EE	FT	IC	SP	MB	Elim.	Total
Net sales	1,569	1,689	1,163	1,877	1	-28	6,271
Operating profit	68	172	62	258	-34	-1	525
Net financial items	-8	-4	-4	-30	350	-368	-64
Profit before tax	60	168	58	228	329	-382	461
Amortisation of intangible assets	-15	-14	-10	-30	0	-	-69
EBITA	83	186	72	288	-34	-1	594
EBITA margin, %	5.3	11.0	6.2	15.3	-	-	9.5
Depreciation of property, plant and equipment	-9	-16	-16	-47	-1	-	-89
Sales growth, %	-17	-1	-17	4	-	-	-8
Operating capital	502	587	445	1,310	1,548	-1,808	2,584
Return on operating capital, %	15	34	17	22	-	-	22
Investments in non-current assets	12	20	19	53	1	-	105
Total assets	720	1,022	745	1,760	2,032	-2,280	3,999
Total liabilities	378	553	449	755	1,151	-931	2,355

Revenue from external customers per geographic area

GROUP	2010	2009
Sweden	2,694	2,218
Finland	1,442	1,607
Benelux	698	871
Denmark and Norway	746	744
Other world	1,165	831
Total	6,745	6,271

Non-current assets per geographic area

GROUP	2010	2009
Sweden	1,304	823
Finland	195	227
Benelux	149	189
Other world	482	393
Total	2,130	1,632

Note 4 OTHER OPERATING INCOME/EXPENSES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Other operating income				
Exchange rate gains	30	23	0	-
Other	4	1	-	-
	34	24	0	-
Other operating expenses				
Exchange rate losses	-36	-27	-1	-1
Transaction costs for acquisitions	-1	-	-	-
	-37	-27	-1	-1
Other operating income/expenses	-3	-3	-1	-1

Note 5 AVERAGE NUMBER OF EMPLOYEES

	2010		2009	
	Average no. em- ployees	Of whom, women	Average no. em- ployees	Of whom, women
Parent Company	9	4	8	4
Subsidiaries in Sweden	980	179	865	160
Total Sweden	989	183	873	164
Subsidiaries outside Sweden				
Denmark	159	24	149	23
Finland	554	94	587	100
Netherlands	189	53	177	44
Norway	86	17	60	10
Sri Lanka	934	466	870	392
UK	110	14	118	15
Germany	131	41	117	37
Other	268	66	171	38
Total outside Sweden	2,431	775	2,249	659
Group total	3,420	958	3,122	823

The Parent Company's board is composed of one woman and five men, compared with one woman and six men a year earlier. The subsidiaries' boards of directors and management include three women (2009: two women). There are no women in the Parent Company's management.

Note 6 WAGES, SALARIES AND OTHER REMUNERATION, AND SOCIAL SECURITY COSTS

	2010			2009		
	Wages, salaries and other remuneration	Social security costs	Of which, pension costs	Wages, salaries and other remuneration	Social security costs	Of which, pension costs
Parent Company	16	10	4	11	7	3
Subsidiaries in Sweden	413	187	48	366	175	49
Total Sweden	429	197	52	377	182	52
Subsidiaries outside Sweden						
Denmark	96	10	8	103	11	8
Finland	248	55	45	287	61	48
Netherlands	75	20	10	87	26	14
Norway	58	11	2	38	8	1
Sri Lanka	23	–	–	19	–	–
UK	36	5	1	42	6	2
Germany	62	11	0	58	10	0
Other	61	11	1	41	9	0
Total outside Sweden	659	123	67	675	131	73
Group total	1,088	320	119	1,052	313	125

Of the Parent Company's pension costs, SEK 2 million (1) pertains to the Board of Directors and President.

The corresponding amount for the Group is SEK 21 million (19).

Wages, salaries and other remuneration broken down by country and between the companies' management and other employees

	2010			2009		
	Companies' management	Of which, bonuses and similar	Other employees	Companies' management	Of which, bonuses and similar	Other employees
Parent Company	7	1	9	5	0	5
Subsidiaries in Sweden	52	7	361	46	5	321
Total Sweden	59	8	370	51	5	326
Subsidiaries outside Sweden						
Denmark	10	1	86	8	0	95
Finland	23	1	225	31	1	257
Netherlands	5	1	70	6	2	81
Norway	11	1	47	6	0	32
Sri Lanka	2	0	21	2	0	18
UK	6	1	30	4	1	39
Germany	4	1	58	6	1	52
Other	9	1	52	3	0	35
Total outside Sweden	70	7	589	66	5	609
Group total	129	15	959	117	10	935

Total absence due to illness in the Parent Company in 2010 was 85 hours of a total of 15,907 hours, i.e., 0.53% (0.25%) of the total number of work hours. Long-term absence due to illness accounted for 0 hours. By long-term absence is meant uninterrupted absence due to illness lasting more than 60 days.

Wages, salaries and remuneration of senior executives
Information provided at the 2010 Annual General Meeting pertaining to the 2010 financial year

The Chairman and members of the Board of Directors are paid a fee in accordance with a resolution by the Annual General Meeting. According to the currently applicable AGM resolution, a fee of SEK 400,000 is payable to the Chairman. A fee of SEK 200,000 is payable to each of the other non-executive directors, and a fee of SEK 25,000 is payable to the Audit Committee chair.

Compensation for the CEO and other senior executives consists of a base salary, variable compensation, other benefits and pension. By other senior executives is meant five persons: the Chief Financial Officer (CFO), three business area presidents and the Group Controller.

Senior executives employed by the subsidiaries receive their compensation from the respective subsidiaries. For the president of the Parent Company, the variable compensation component has a cap corresponding to six months' salary, i.e., 50% of base salary. For other senior executives, the variable compensation has a cap corresponding to between 3 and 7 months' salaries, or 25%–58% of base salary. The variable compensation is related to the earnings performance of the Group or of the respective business units. The retirement age for the CEO is 65. In addition to statutory pension benefits, Indutrade is to pay pension premiums corresponding to 35% of his base salary.

The CEO is entitled to choose his pension solution, within the said cost framework and subject to the approval of the Chairman.

Other senior executives are entitled to pension benefits corresponding to an average of 31% of their respective base salaries. The retirement age is 65. Earned pension benefits are not conditional upon future employment by Indutrade.

Terms of notice

In the event of the Company serves notice, the CEO is entitled to a 24-month notice period with retained employment benefits. In the event the CEO gives notice, a six-month notice period applies. For other senior executives, a notice period of 6–24 months applies for notice served by the respective companies, depending on the employee's age. Salary paid out during the notice period is not deducted from other income.

Incentive programmes

In connection with Indutrade's stock market introduction in 2005, in co-operation with AB Industrivärden, senior executives were offered to participate in an incentive programme that expired in June 2010. In May, AB Industrivärden repurchased the outstanding options from the participants.

In May 2010, the Board of Directors of Indutrade, in cooperation with AB Industrivärden and pursuant to a resolution by the Annual General Meeting, directed an offer to senior executives to participate in a new incentive programme. The aim of the programme is to promote management's long-term commitment and involvement in the Company. The term of the programme extends until 31 October 2013.

Forty-nine senior executives have acquired a combined total of 358,000 stock options, issued by AB Industrivärden, and 10,000 shares. Indutrade pays a subsidy of SEK 22 for every purchased stock option and share under the condition that the participants continue to be employed and that they have not sold their purchased stock options/shares at the time of payment of the subsidy. The subsidy will be paid by the Company to the participants on two occasions in two equal parts, in December 2011 and June 2013. The total cost for the Company will amount to approximately SEK 9 million, corresponding to approximately SEK 3 million per year.

The Board's proposed principles for compensation and other terms of employment for members of the executive management, to be presented to the 2011 Annual General Meeting

By executive management is meant in this context the President and CEO, the Chief Financial Officer, the Business Area presidents, and the Group Controller. Indutrade shall apply compensation levels and terms of employment necessary to be able to recruit and retain management with high qualifications and the ability to achieve set objectives. The forms of compensation shall motivate members of the executive management to perform their utmost in order to safeguard the interests of the shareholders.

The forms of compensation shall therefore be in line with the going rate in the market and shall be straightforward, long-term and quantifiable. Compensation of members of executive management shall normally consist of a fixed and a variable portion. The variable portion shall reward clear, goal-related improvements in simple, transparent structures and shall have a cap.

The fixed salary for members of the executive management shall be in line with the going rate in the market and shall be commensurate with the individual's expertise, responsibilities and performance. The variable compensation component for members of the executive management shall normally not exceed 7 months' salary and shall be coupled to the achievement of goals to improve the Company's and respective business areas' level of earnings, and the Group's growth. The variable compensation for members of the executive management can amount to a maximum of approximately SEK 6 million at the 2011 salary level.

Incentive programmes in the Company shall mainly be share price-related and cover persons in senior positions in the Company who have a significant influence over the Company's results of operations and growth, and shall be based on the achievement of set targets. An incentive pro-

gramme shall contribute to the long-term commitment to the Company's development and shall be implemented on market terms.

Non-monetary benefits for members of the executive management shall facilitate the individuals in the execution of their duties and correspond to what can be considered to be reasonable in respect of practice in the market in which the respective executive is active.

Pension terms for members of the executive management shall be in line with the going rate in the market in respect of what applies for peer executives in the market in which the executive works and should be based on a defined contribution pension solution or correspond to a public pension plan (in Sweden the ITP plan).

Severance pay for members of executive management shall not exceed a total of 24 months' salary in the event the Company serves notice, and 6 months in the event the member of the executive management gives notice.

The Board's Remuneration Committee deals with and conducts drafting work on remuneration matters regarding members of the executive management, for decision by the Board. The Remuneration Committee thus prepares and draws up proposals for decision regarding the terms of employment for the President, and the Board evaluates the President's performance on a yearly basis. The President consults with the Remuneration Committee regarding the terms of employment for other members of the executive management. The Board shall have the right to depart from the aforementioned guidelines for compensation of the executive management if there are special reasons in a particular case.

Compensation and other benefits, 2010

SEK 000s	Base salary/directors' fees	Variable compensation ¹⁾	Other benefits	Pension cost	Total
Bengt Kjell, Chairman of the Board	400	–	–	–	400
Eva Färnstrand, Director	200	–	–	–	200
Michael Bertorp, Director, Audit Committee chair	225	–	–	–	225
Ulf Lundahl, Director	200	–	–	–	200
Mats Olsson, Director	200	–	–	–	200
Johnny Alvarsson, President and CEO	4,320	1,010	103	1,546	6,979
Other senior executives (5 persons)	8,005	1,019	487	2,780	12,291
Total	13,550	2,029	590	4,326	20,495

¹⁾ Incl. compensation for senior executives participating in the incentive programme described above.

Compensation and other benefits, 2009

SEK 000s	Base salary/directors' fees	Variable compensation ¹⁾	Other benefits	Pension cost	Total
Bengt Kjell, Chairman of the Board	400	–	–	–	400
Eva Färnstrand, Director	200	–	–	–	200
Michael Bertorp, Director, Audit Committee chair	225	–	–	–	225
Owe Andersson, Director	200	–	–	–	200
Ulf Lundahl, Director	200	–	–	–	200
Gerald Engström, Director	200	–	–	–	200
Johnny Alvarsson, President and CEO	3,660	188	103	1,329	5,280
Other senior executives (5 persons)	7,741	1,170	475	2,289	11,675
Total	12,826	1,358	578	3,618	18,380

¹⁾ Incl. compensation for senior executives participating in the incentive programme described above.

Note 7 DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible non-current assets are included in the following functions in the amounts of:

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Cost of goods sold	116	99	–	–
Development costs	3	4	–	–
Selling costs	48	40	–	–
Administrative expenses	20	15	1	0
Total	187	158	1	0

Note 8 OPERATING LEASES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Lease payments expensed during the year:	122	132	7	7
Future contracted lease payments				
Maturity year 1	110	112	4	4
Maturity year 2	73	67	2	4
Maturity year 3	47	46	–	2
Maturity year 4	36	22	–	–
Maturity year 5	24	16	–	–
Maturity year 6–	30	41	–	–
Total future lease payments	320	304	6	10

Operating leases in the Parent Company and Group pertain primarily to premises.

Note 9 FINANCIAL INCOME

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Interest	5	7	14	18
Exchange rate differences	12	–	17	–
Other	0	1	–	2
Total	17	8	31	20

Of which, pertaining to Group companies:

Interest	–	–	14	18
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Note 10 FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Interest expenses, bank loans	-49	-48	-32	-35
Interest expenses, pension liability	-7	-7	–	–
Interest expenses, finance leases	-1	-2	0	0
Interest expenses, earn-out payments	-9	-13	-8	-11
Total interest expenses	-66	-70	-40	-46
Exchange rate differences	-8	0	-1	0
Other	-4	-2	-4	-2
Total financial expenses	-78	-72	-45	-48

Of which, pertaining to Group

Interest	–	–	1	0
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Note 11 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
	2010	2009
Dividends from subsidiaries	361	198
Group contributions	267	190
Write-down of investments in subsidiaries	–	-10
Total	628	378

Note 12 TAXES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Tax expense				
Current tax	-144	-140	-41	-43
Deferred tax	-3	20	-3	3
Other tax	-1	–	-1	–
Total	-148	-120	-45	-40

The Group's tax expense amounted to 26.8% (26.0%) of the Group's pre-tax profit. The difference between the reported tax expense and anticipated tax expense is explained below.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Profit before tax	553	461	520	329
Weighted average tax based on national tax rates (Group 24.8% and 25.6%, respectively, Parent Company 26.3% and 26.3%, respectively)	-137	-118	-137	-87
Tax effect of:				
Non-deductible interest expenses on discounted earn-out payments	-2	-3	-2	-2
Non-deductible transaction costs for acquisitions	0	-	-	-
Other non-deductible expenses/non-taxable income	-8	-4	95	49
Utilisation of loss-carry-forward where tax was not previously reported	1	3	-	-
Adjustment of previous years' current tax	-1	1	-	-
Change in tax rate	-	1	-	-
Other tax	-1	-	-1	-
Total	-148	-120	-45	-40
	26.8%	26.0%	8.6%	12.2%

Deferred tax assets in temporary differences whose value has not been estimated amount to SEK 0 million (0).

Significant dividends can be recognised without withholding tax.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Deferred tax liability				
Intangible non-current assets	-154	-95	-	-
Property, plant and equipment	-25	-26	-	-
Untaxed reserves	-43	-2	-	-
Pension obligations	19	11	-	-
Tax-loss carryforward	3	3	-	-
Other items	3	9	0	3
Total	-197	-100	0	3
Of which, deferred tax asset	31	28	0	3
Of which, deferred tax liability	-228	-128	-	-

In applying IFRS, Indutrade has utilised the option to report the total effect of actuarial gains and losses related to pensions in other comprehensive income. At the end of the financial year, the deferred tax asset for this was SEK 15 million (7).

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Deferred tax, 1 January	-100	-115	3	1
Deferred tax reported in other comprehensive income	5	-3	-	-
Deferred tax liability attributable to acquisitions	-104	-4	-	-
Deferred tax in income statement	-3	20	-3	2
Change in tax rate affecting the income statement	-	0	-	-
Deferred tax liability attributable to revaluation of company acquisitions	-	-	-	-
Exchange rate differences	5	2	-	-
Deferred tax liability, 31 Dec.	-197	-100	-	-
Deferred tax asset, 31 Dec.	-	-	0	3

Of deferred tax liabilities SEK 20 million will be dissolved in 2011.

Note 13 AUDITORS' FEES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
PricewaterhouseCoopers				
Auditing assignment	8	7	1	1
Auditing activities in addition to auditing assignment	2	2	0	0
Tax consulting	1	1	0	-
Other services	1	2	0	-
Total fees PricewaterhouseCoopers	12	12	1	1
Other auditing firms				
Auditing fees	1	2	-	-

Other auditing companies pertain to several auditing firms where none account for a significant amount in 2010. In the preceding year, KPMG accounted for SEK 1 million.

Auditing assignment pertains to fees for the statutory audit, i.e., such work that was necessary to issue the audit report as well as audit consulting in connection with the auditing assignment.

Note 14 INTANGIBLE ASSETS**GROUP**

	Goodwill	Agencies, customer relationships, etc.	Trademarks	Software, licences, etc.	Other intangible assets	Total intangible assets
As per 1 January 2009						
Cost	576	631	113	34	14	1,368
Accumulated amortisation and impairment charges	-2	-164	-	-21	-8	-195
Book value	574	467	113	13	6	1,173
1 Jan.–31 Dec. 2009						
Opening book value	574	467	113	13	6	1,173
Exchange rate differences	-9	-7	-	0	0	-16
Investments during the year	-	4	-	7	4	15
Company acquisitions	19	19	-	-	0	38
Sales and disposals	-	0	-	-	-	0
Revaluation of company acquisitions	-70	-2	-	-	-	-72
Amortisation (note 7)	-	-66	-	-1	-2	-69
Closing book value	514	415	113	19	8	1,069
As per 31 Dec. 2009						
Cost	516	643	113	41	18	1,331
Accumulated amortisation and impairment charges	-2	-228	-	-22	-10	-262
Book value	514	415	113	19	8	1,069
1 Jan.–31 Dec. 2010						
Opening book value	514	415	113	19	8	1,069
Exchange rate differences	-31	-22	-	-3	0	-56
Investments during the year	-	5	-	4	5	14
Company acquisitions	232	234	59	14	-	539
Sales and disposals	-	-	-	-	0	0
Revaluation of company acquisitions	-3	-1	-	-	-	-4
Amortisation (note 7)	-	-82	-	-5	-2	-89
Closing book value	712	549	172	29	11	1,473
As per 31 Dec. 2010						
Cost	714	837	172	55	23	1,801
Accumulated amortisation and impairment charges	-2	-288	-	-26	-12	-328
Book value	712	549	172	29	11	1,473

Testing for impairment of goodwill

Goodwill is not amortised continuously; instead, the value is tested yearly for impairment in accordance with IAS 36. Testing was conducted most recently in December 2010.

Goodwill is apportioned over cash-generating units, which for Indutrade are equated with segments.

The recoverable value has been calculated according to value in use and is based on the current estimation of cash flows for the next five years. Assumptions have been made on the gross margin, level of overheads, need for working capital and investment need. The parameters have been set to correspond to the budgeted result for the 2011 financial year. During the rest of the five-year period, an annual growth rate of 2% has been assumed. Where greater changes are expected, the assumptions have been adapted to better correspond to these expectations. For cash flows beyond the five-year period, that rate of growth has been assumed to correspond to the growth rate during the fifth year. The cash flows have been discounted with a weighed cost of capital that corresponds to approximately 14% before tax. The calculation shows that the value in use exceeds the carrying amount. Thus the result of the impairment test is that there was no need to recognise impairment. A sensitivity analysis shows in general that the goodwill value would continue to be upheld if the discount rate were to be raised by 1 percentage point or long-term growth were to be decreased by 1 percentage point.

Other impairment testing

Every year impairment testing is conducted for trademarks in accordance with the same principles as for goodwill. No events or changed conditions that warrant testing of impairment for other intangible non-current assets have been identified.

The Group's breakdown of goodwill at the segment level

	2010	2009
Engineering & Equipment	103	117
Flow Technology	180	110
Industrial Components	68	38
Special Products	361	249
Total	712	514

PARENT COMPANY

	2010	2009
Opening cost	2	1
Investments during the year	-	1
Closing accumulated cost	2	2
Opening amortisation	0	-
Amortisation for the year	0	0
Closing accumulated amortisation	0	0
Planned residual value	2	2

Note 15 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings	Machinery	Equipment	Construction in progress	Total property, plant and equipment
As per 1 January 2009					
Cost	391	329	482	15	1 217
Accumulated depreciation and impairment charges	-137	-194	-332	–	-663
Book value	254	135	150	15	554
1 Jan.–31 Dec. 2009					
Opening book value	254	135	150	15	554
Exchange rate differences	-5	-4	-3	0	-12
Investments during the year ¹⁾	6	22	52	10	90
Company acquisitions	27	2	3	3	35
Transferred from construction in progress	5	7	–	-12	–
Sales and disposals	–	0	-15	–	-15
Depreciation (Note 7)	-14	-29	-46	–	-89
Closing book value	273	133	141	16	563
As per 31 December 2009					
Cost	421	347	483	16	1 267
Accumulated depreciation and impairment charges	-148	-214	-342	–	-704
Book value	273	133	141	16	563
1 Jan.–31 Dec. 2010					
Opening book value	273	133	141	16	563
Exchange rate differences	-17	-5	-8	-1	-31
Investments during the year ¹⁾	8	12	77	29	126
Company acquisitions	93	8	16	–	117
Transferred from construction in progress	–	18	1	-19	–
Sales and disposals	-4	0	-16	–	-20
Depreciation (Note 7)	-15	-30	-53	–	-98
Closing book value	338	136	158	25	657
As per 31 Dec. 2010					
Cost	508	377	513	25	1 423
Accumulated depreciation and impairment charges	-170	-241	-355	–	-766
Book value	338	136	158	25	657

¹⁾ Of net investments in property, plant and equipment, SEK 97 million (75) had an effect on cash flow, while SEK 9 million (0) pertain to investment financed via finance leases.

The item Equipment includes leased assets held by the Group under finance leases in the following amounts:

	2010	2009
Cost – capitalised finance leases	83	71
Accumulated depreciation	-26	-23
Book value	57	48

Leased assets consist primarily of cars.

The tax assessment value of Swedish property was SEK 139 million (119), of which SEK 113 million (95) pertains to buildings and SEK 26 million (24) to land. The corresponding book value of Swedish property was SEK 157 million (104).

PARENT COMPANY

	2010	2009
Opening cost	6	6
Investments during the year	0	–
Sales and disposals	-1	–
Closing accumulated cost	5	6
Opening depreciation	-4	-4
Depreciation for the year	-1	0
Sales and disposals	1	–
Closing accumulated cost	-4	-4
Planned residual value	1	2

Note 16 SHARES AND PARTICIPATIONS**The Parent Company's direct holdings of shares and participations in subsidiaries**

Company name/Reg. no.	Domicile	Share	No. shares	Book value
Gustaf Fagerberg Holding AB, 556040-9087	Gothenburg	100%	100,000	17
Bengtssons Maskin AB, 556037-8670	Arlöv	100%	2,000	16
C&M Plast AB, 556554-3856	Malmö	100%	1,000	0
GEFA Processtechnik GmbH, Germany	Dortmund	100%	–	25
Colly Company AB, 556193-8472	Stockholm	100%	30,000	31
ETP Transmission AB, 556158-5398	Linköping	100%	20,000	26
AB Novum, 556296-6126	Helsingborg	100%	5,000	9
Indutrade A/S, Denmark	Glostrup	100%	167,443	45
Indutrade Benelux B.V., Netherlands	Uithoorn	100%	3,502	33
Indutrade Flödesteknik AB, 556364-7469	Stockholm	100%	1,000	210
Indutrade Oy, Finland	Helsinki	100%	42,000	48
Ingenjörfirman GA Lindberg AB, 556606-8747	Stockholm	100%	1,000	8
Saniflex AB, 556441-5882	Stockholm	100%	2,500	2
Pentronic AB, 556042-5141	Västervik	100%	30,000	17
Carlsson & Möller AB, 556057-0011	Helsingborg	100%	1,800	14
Eie Maskin AB, 556029-6336	Stockholm	100%	30,000	24
Robota AB, 556042-4912	Täby	100%	1,000	13
Gedevelop AB, 556291-8945	Helsingborg	100%	9,868	27
Spinova AB, 556188-7430	Torsås	100%	20,000	70
Tribotec AB, 556234-6089	Mölnlycke	100%	4,000	33
Damalini AB, 556474-3705	Mölndal	100%	1,000,000	56
Palmstiernas Svenska AB, 556650-7314	Karlstad	100%	100	4
International Plastic Systems Ltd, UK	Newcastle	100%	10,000	112
Carrab Industri AB, 556092-1214	Mönsterås	100%	10,000	19
Aluflex System AB, 556367-4067	Helsingborg	100%	20,000	41
Precision Products Ltd, UK	Chesterfield	100%	157,500	53
EssMed AB, 556545-2215	Härryda	100%	1,000	50
Flintec Group AB, 556736-7098	Västerås	100%	100,000	324
Kabetex Kullager & Transmission AB, 556254-1523	Mark	100%	2,500	11
TechnoSkruv i Värnamo AB, 556459-4116	Värnamo	100%	1,000	69
Filterteknik Sverige AB, 556271-3577	Karlstad	100%	10,000	54
Lekang Maskin AS, Norway	Hölen	100%	5,000	64
Filterteknik A/S, Denmark	Copenhagen	100%	530	17
Lekang Filtersystem AS, Norway	Hölen	100%	3,500	9
Stålprofil PK AB, 556629-6066	Värgårda	100%	5,000	126
Total				1,677

The Group's holdings of shares and participations in other companies

	Domicile	Share of capital, %	Share of votes, %	No. shares	Book value
AS Fors MW	Tallinn, Estonia	11	11	14,324	3
Honkakoli Oy	Finland	–	–	18	1
Kytäjän Golf Oy	Finland	–	–	6	1
Other		–	–	–	1
Available-for-sale financial assets					6

Shares and participations

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Opening cost	7	8	1,872	1,926
External acquisitions	–	–	339	–
Shareholder contribution	–	–	12	4
Adjustment of estimated earn-out payments	–	–	-3	-59
Company acquisitions	0	–	–	–
Exchange rate differences	-1	-1	–	1
Closing accumulated cost	6	7	2,220	1,872
Opening revaluations	–	–	8	8
Closing accumulated revaluations	–	–	8	8
Opening impairment charges	–	–	-551	-541
Impairment charges for the year	–	–	–	-10
Closing accumulated impairment charges	–	–	-551	-551
Book value	6	7	1,677	1,329
Effect on cash flow				
Purchase price, external acquisitions			-339	–
Purchase price not paid			42	–
Purchase price paid from previous years			-4	-48
Earn-out payments made			-69	-87
Total			-370	-135

Note 17 NON-CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Opening balance	13	13	–	120
Additional receivables	1	0	1	–
Repaid deposits/Amortisation	0	0	–	-120
Company acquisitions	0	0	–	–
Change in value of pensions	0	0	–	–
Exchange rate differences	-1	0	–	–
Total	13	13	1	–

The Group's non-current receivables pertain primarily to endowment insurance policies, but also to deposits. The book value is judged to correspond to fair value. The maturity dates for the endowment insurance policies is dependent

on the date of retirement for the persons insured. In 2010 the Parent Company's non-current receivables pertain to one endowment insurance policy. In previous years the item pertained to a receivable for long-term loans to subsidiaries.

Note 18 INVENTORIES

GROUP

Inventories are broken down into the following items:	2010	2009
Raw materials and consumables	200	175
Products in process	69	78
Finished products and goods for resale	914	811
Total	1,183	1,064

The cost of goods sold for the Group include impairment of inventory, totalling SEK 23 million (24). No significant reversals of previous impairment charges were made in 2010 or 2009.

Note 19 TRADE ACCOUNTS RECEIVABLE

Age breakdown of trade accounts receivable and provisions for doubtful trade accounts receivable

GROUP

Trade accounts receivable	2010	2009
Trade accounts receivable not due	799	655
Trade accounts receivable past-due		
0–3 months	209	202
Trade accounts receivable past-due more than 3 months	60	61
Provision for doubtful trade accounts receivable	-21	-17
Total	1,047	901

Provision for doubtful trade accounts receivable

Provision for trade accounts receivable, less than 3 months past-due	-2	-2
Provision for trade accounts receivable, 3–6 months past-due	-3	-3
Provision for trade accounts receivable, more than 6 months past-due	-16	-12
Total	-21	-17

Change in the provision for doubtful trade accounts receivable during the year

Opening provision	-17	-15
Receivables written off as customer losses	3	3
Reversed, unutilised provisions	5	3
Provision for the year for doubtful trade accounts receivable	-6	-8
Company acquisitions	-7	–
Exchange rate differences	1	0
Closing reserve	-21	-17

For a description of risks associated with the Company's trade accounts receivable, see note 2.

Note 20 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Prepaid rents	11	10	–	–
Prepaid leases	2	1	–	–
Prepaid service and maintenance charges	10	10	1	–
Prepaid insurance premiums	7	7	0	1
Prepaid marketing costs	1	0	0	–
Accrued income	0	1	–	–
Prepaid pension premiums	1	0	0	–
Derivative instruments	18	–	0	1
Other items	25	20	1	–
Total	75	49	2	2

Note 21 DISCLOSURES ABOUT PARENT COMPANY

Indutrade AB, reg. no. 556017-9367, is the parent company of the Group. The Company is a Swedish limited liability company with registered office in Stockholm, Sweden.

Address of head offices:

Indutrade AB
Box 6044
SE-164 06 Kista
Sweden
Tel. +46-8-703 03 00
Website: www.indutrade.se

The share capital of Indutrade AB as per 31 December 2009 and 2010 consisted of 40,000,000 shares with a share quota value of SEK 1.

At the Annual General Meeting on 27 April 2011, a dividend of SEK 5.10 per share, for a total of SEK 204 million, will be proposed for the 2010 financial year. The proposed dividend has not been reported as a liability in these financial statements.

Note 22 **BORROWINGS**

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Long-term borrowings				
Future leasing obligations for finance leases	33	26	1	–
SEK-denominated loans with terms longer than 1 year	488	319	472	305
EUR-denominated loans with terms longer than 1 year	190	296	–	115
Loans in other currencies with terms longer than 1 year	24	31	1	–
	735	672	474	420
Short-term borrowings				
Utilised bank overdraft facilities	177	99	120	60
Future leasing obligations for finance leases	24	22	–	–
SEK-denominated loans with terms shorter than 1 year	436	155	435	155
EUR-denominated loans with terms shorter than 1 year	74	92	–	73
Loans in other currencies with terms shorter than 1 year	5	7	–	–
	716	375	555	288
Total borrowings	1,451	1,047	1,029	708

Car leases are reported as finance leases in accordance with IFRS, entailing an increase in both assets and liabilities of SEK 57 million. Of the Group's long-term leasing obligations, SEK 18 million fall due for payment in 2012 and SEK 15 million in 2013.

Externally granted bank overdraft facilities amounted to SEK 662 million (510) for the Group and SEK 368 million (257) for the Parent Company.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Maturity dates for long-term loans in EUR:				
Amounts in EUR million				
Maturity 2011	–	6.5	–	–
Maturity 2012	19.3	10.3	–	–
Maturity 2013	0.1	–	–	–
Maturity 2014	0.2	11.8	–	11.0
Maturity 2015 or later	1.5	–	–	–
Total long-term borrowings in EUR million	21.1	28.6	–	11.0
Corresponding amounts in SEK million	190	296	–	115

All long-term loans in EUR carry variable rates of interest. The carrying amount corresponds to fair value.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Maturity dates for long-term loans in SEK:				
Amounts in SEK million				
Maturity 2011	–	224	–	210
Maturity 2012	255	35	240	35
Maturity 2013	233	60	232	60
Total long-term borrowings in SEK million	488	319	472	305

All SEK-denominated loans carry a variable interest rate. The carrying amount corresponds to fair value.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Maturity dates for long-term loans in other currency:				
Amounts in SEK million				
Maturity 2011	–	6	–	–
Maturity 2012	2	5	–	–
Maturity 2013	1	5	–	–
Maturity 2014	1	–	–	–
Maturity in 2015 and thereafter	20	15	1	–
Total long-term borrowings in SEK million	24	31	1	–

By other currencies is meant USD, GBP, KRW and LKR. All loans carry variable interest rates.

Note 23 PENSION OBLIGATIONS

The pension plans in the Indutrade Group are both defined benefit and defined contribution plans.

Defined benefit plans

In accordance with IAS 19 Employee Benefits, an actuary has, under assignment by Indutrade, computed the Group's pension liability and the provisions to be made on a regular basis for pensions for the Group's employees.

The pension plans include retirement pension, disability pension and family pension. Apart from the PRI plan in Sweden, the Group has defined benefit plans primarily in the Netherlands.

Breakdown of liability in SEK million

PRI plan	104
Defined benefit plans, Netherlands	41
Total defined benefit plans	145
Other pension obligations	13
Total	158

The Group's plan assets, totalling SEK 196 million, consist of investments with insurance companies, mainly in bonds. The pension liability is vested.

Defined contribution plans

The pension plans include retirement pension, disability pension and family pension. Premiums are paid on a regular basis during the year to independent legal entities. The size of the pension premiums is based on the individual's

salary, and the cost of the premium is reported on a continuing basis through profit or loss.

According to a statement from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, retirement pension and family pension obligations secured through insurance with Alecta for salaried employees in Sweden are classified as multi-employer defined benefit plans. In 2010 Indutrade did not have access to such information that would make it possible to report this plan as a defined benefit plan, which is why the plan is reported as a defined contribution plan. Premiums paid during the year for pension plans with Alecta amounted to approximately SEK 15 million. Alecta's collective funding ratio was 146% in December 2010.

Assumptions used in actuarial computations

The discount rate is based on the market return of high-grade corporate bonds, in those countries in which such a market exists or, alternatively, government bonds with maturities that correspond to the pension obligations and currency.

The anticipated return on plan assets is a weighted average of the anticipated return from the respective asset classes.

Actuarial gains and losses, including payroll taxes in Sweden, are reported directly against equity.

At the end of the financial year, accumulated actuarial losses reported in comprehensive income amounted to SEK 59 million.

GROUP

	2010		2009		2008		2007		2006	
Assumptions in calculating pension obligations	Sweden	Netherlands	Sweden	Netherlands	Sweden	Netherlands	Sweden	Netherlands	Sweden	Netherlands
Discount rate, %	3.60	5.00	3.80	5.65	3.00	6.40	4.30	5.50	3.90	4.50
Anticipated return on plan assets, %	–	5.00	–	5.65	–	6.40	–	5.50	–	4.50
Future salary increases, %	3.50	2.50	3.50	2.50	3.50	2.50	3.50	2.50	3.00	2.50
Anticipated inflation, %	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.80	1.80
Future pension increases, %	2.00	2.00	2.00	2.00	2.00	1.80	2.00	1.80	1.80	2.00
Employee turnover, %	2.00	Age-dependent	2.00	Age-dependent	2.00	Age-dependent	2.00	Age-dependent	0.00	Age-dependent

Note 23 cont.

	2010	2009	2008	2007	2006
Amounts reported on balance sheet					
Present value of funded obligations	237	213	173	162	177
Fair value of plan assets	-196	-199	-164	-133	-138
	41	14	9	29	39
Present value of unfunded obligations	104	96	113	85	76
	104	96	113	85	76
Net liability on balance sheet, defined benefit plans	145	110	122	114	115
Experience-based adjustments of defined benefit obligations	7	3	-4	-2	-3
Experience-based adjustments of plan assets	14	33	6	-18	0
Present value of pension obligations at start of year	309	286	247	253	265
Pension costs	8	8	6	6	7
Interest expenses	14	14	12	11	11
Pension payments	-10	-10	-9	-8	-7
Change in pension terms	-	-	-	-	-4
Actuarial gains (-)/losses (+)	49	21	5	-24	-12
Exchange rate differences	-29	-10	25	9	-7
Present value of pension obligations at year-end	341	309	286	247	253
Plan assets at start of year	199	164	133	138	137
Return on plan assets	8	7	7	6	6
Employee contributions	1	2	1	1	1
Company contributions	8	11	6	6	6
Pension payments	-7	-8	-7	-6	-5
Actuarial gains (+)/losses (-)	14	33	4	-18	-2
Exchange rate differences	-27	-10	20	6	-5
Plan assets at end of year	196	199	164	133	138
Net liability at start of year	110	122	114	115	128
Net cost reported in the income statement	13	13	10	10	7
Pension payments	-3	-2	-2	-2	-2
Company contributions	-8	-11	-6	-6	-6
Actuarial gains (-)/losses (+)	35	-12	1	-6	-10
Exchange rate differences in foreign plans	-2	0	5	3	-2
Net liability at year-end	145	110	122	114	115

GROUP	2010				2009				2008				2007				2006			
	Defined benefit plans	Defined contribution plans	Total		Defined benefit plans	Defined contribution plans	Total		Defined benefit plans	Defined contribution plans	Total		Defined benefit plans	Defined contribution plans	Total		Defined benefit plans	Defined contribution plans	Total	
Amounts reported in income statement																				
Current service cost	7	106	113		6	112	118		5	110	115		5	88	93		6	70	76	
Change in pension terms	-	-	-		-	-	-		-	-	-		-	-	-		-4	-	-4	
Interest on obligation	14	-	14		14	-	14		12	-	12		11	-	11		11	-	11	
Anticipated return on plan assets	-8	-	-8		-7	-	-7		-7	-	-7		-6	-	-6		-6	-	-6	
Net cost in income statement	13	106	119		13	112	125		10	110	120		10	88	98		7	70	77	
Of which, included in selling costs	7	82	89		7	91	98		5	90	95		5	72	77		2	56	58	
Of which, included in administrative expenses	0	24	24		0	21	21		0	20	20		0	16	16		0	14	14	
Of which, included in financial items	6	-	6		6	-	6		5	-	5		5	-	5		5	-	5	

Anticipated company contributions to defined benefit pension plans in 2011 amount to SEK 7 million (11).

Note 24 OTHER PROVISIONS

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Guarantee commitments	3	2	–	–
Earn-out payments	46	92	8	83
Total long-term provisions	49	94	8	83
Earn-out payments payable within 1 year	125	87	121	68
Total provisions	174	181	129	151
	Gua- rantee commit- ments	Earn- out pay- ments	Gua- rantee commit- ments	Earn- out pay- ments
Opening balance, 1 January 2010	2	179	–	151
Guarantee commitments in acquired companies	1	–	–	–
Change in guarantee commitments for the year	0	–	–	–
Earn-out payments for new acquisitions	–	74	–	42
Earn-out payments made	–	-86	–	-69
Earn-out payments reversed	–	-4	–	-3
Effect of present value adjustment	–	9	–	8
Exchange rate difference	0	-1	–	–
Closing balance, 31 December 2010	3	171	–	129

The provision for earn-out payments in 2010 pertained to the acquisitions of Corona Control AB, Meson AB, TechnoSkruv i Värnamo AB, Filterteknik i Sverige AB, Lekang Masking AS, Stålfiler PK AB and Flow Tech Finland Oy. If they result in payment, this will take place in 2010–2013.

Earn-out payments for company acquisitions are based on future profits of the acquired companies. A revaluation has been conducted in connection with the 2010 book-closing, which is based on 2010 profits and where it is suitable for future, anticipated profits. The value of intangible assets has been written down by the same amount for acquisitions up until 31 December 2009.

Note 25 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Accrued personnel-related expenses	214	182	6	4
Derivative expenses	–	1	–	1
Interest	5	1	5	1
Other	67	71	1	0
Total	286	255	12	6

Note 26 ACQUISITIONS OF SUBSIDIARIES**Acquisitions 2010**

All of the shares were acquired in Techno Skruv i Värnamo AB; Corona Control AB; BiaMediTek Sp.z o.o, (formerly AxMediTec), Poland, Lekang Group (Filterteknik Sverige AB, Lekang Maskin AS, Norway, Filterteknik A/S, Denmark); Stålfiler PK AB; Stålfiler PK Invest AB; Meson AB and Flowtech Finland Oy. In addition, a construction plastics business was acquired from Metallcenter Sverige AB, and a pump business was acquired from A-Vacuum Oy, Finland.

Engineering & Equipment

The pumps business acquired from A-Vacuum Oy consists mainly of sales of vacuum pumps and related components, with annual sales of approximately SEK 12 million. The pumps business is consolidated in the Group as from 1 June 2010. Flowtech Finland Oy develops and supplies pumping stations for wastewater and pressure boosters for clean water, and provides maintenance and overhaul services for these products. The company has annual sales of approximately SEK 20 million and is consolidated in the Group as from 1 October 2010.

Flow Technology

Corona Control AB, with companies in Sweden and Norway, has annual sales of approximately SEK 50 million and offers a comprehensive range of solutions for industrial valves. Customers are mainly in the petrochemicals, offshore, chemical, energy, pulp and paper, steel, food, and pharmaceutical industries. Corona Control is consolidated in the Group as from 1 January 2010. The Meson Group supplies valves and couplings to the international shipbuilding and shipping industries as well as to refineries and the mining industry. Annual sales in 2009 amounted to approximately SEK 500 million, including certain major deliveries for vessel newbuilding activities. The Meson Group today has approximately 100 employees at its offices in Sweden, Denmark, Norway, Germany, Spain, Romania, India, Dubai, Shanghai and Singapore. The Meson Group is consolidated in the Group as from 1 July 2010.

Industrial Components

Techno Skruv i Värnamo AB, with annual sales of approximately SEK 70 million, has a strong market position in customer-specific fasteners and mechanical components. Customers are in the engineering, energy and automotive industries. The company is consolidated in the Group as from 1 January 2010. BiaMediTek Sp. z o.o, with annual sales of approximately SEK 70 million, specialises 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, specialises in products and services primarily involving filtration of fluids for all types of industrial companies in the Nordic region. The Group is consolidated in Indutrade as from 1 February 2010. Stålsprofil 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 for 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 approximately SEK 6 million and is consolidated in the Group as from 1 January 2010.

EFFECT OF ACQUISITIONS MADE IN 2009 AND 2010

SEK million	Net sales		EBITA
	Jan.-Dec.	Jan.-Dec.	
Business area			
Engineering & Equipment	12	1	
Flow Technology ¹⁾	125	0	
Industrial Components	166	27	
Special Products	364	66	
Effect on Group	667	94	
Acquisitions completed 2009	140	22	
Acquisitions completed 2010	527	72	
Effect on Group	667	94	
¹⁾ of which Meson	84	-4	

If the units acquired in 2010 had been consolidated as from 1 January 2010, net sales for the full year would have increased by SEK 183 million to SEK 6,928 million, and EBITA would have increased by SEK 47 million to SEK 750 million. Of the increase Meson stands for SEK 134 million, respectively SEK 18 million.

ACQUIRED ASSETS MESON AB

Preliminary purchase price allocation

SEK million			
	Book value	Fair value adjustment	Fair value
Purchase price including contingent consideration of SEK 27 million.			347
Acquired assets			
Goodwill	-	67	67
Agencies, trademarks, customer relationships, licences, etc.	-	109	109
Property, plant and equipment	57	-	57
Inventories	140	-	140
Other current assets	89	-	89
Cash and cash equivalents	43	-	43
Minority share	-2	-	-2
Deferred tax liability	-19	-29	-48
Borrowings and pension obligations	-36	-	-36
Other operating liabilities	-72	-	-72
	200	147	347

The Meson brand and Meson's customer relationships have been valued at the discounted present value of future payment flows. The assumptions used for calculating fair value are a forecast for 2011 and thereafter for a long-term annual rate of growth of 2% and a discount rate of 11.5% after tax. Calculations of the value of the brand are based on the assumption of a royalty of 2.5% per year. The value of customer relationships has been calculated based on an assumption of an annual 5% customer attrition rate. The brand is judged to have an indefinite useful life, while customer relationships are judged to have a useful life of 10 years. Goodwill is justified by good profitability.

ACQUIRED ASSETS IN TECHNO SKRUV I VÄRNAMO AB, CORONA CONTROL AB, BIAMEDITEK SP. Z O. O., LEKANGGROUP, STÅLSPROFIL PK AB, STÅLSPROFIL PK INVEST AB AND FLOWTECH FINLAND OY

Preliminary purchase price allocation

SEK million			
	Book value	Fair value adjustment	Fair value
Purchase price including contingent consideration of SEK 47 million.			401
Acquired assets			
Goodwill	-	163	163
Agencies, trademarks, customer relationships, licences, etc.	-	200	200
Property, plant and equipment	60	-	60
Financial assets	1	-	1
Inventories	84	-	84
Other current assets	71	-	71
Cash and cash equivalents	35	-	35
Deferred tax liability	-3	-52	-55
Borrowings and pension obligations	-81	0	-81
Other operating liabilities	-77	-	-77
	90	311	401

Since disclosures about the individual acquisitions are insignificant, with the exception of Meson, they are provided here in aggregate form. The cost of customer lists and agencies has been valued at one year's gross margin and has been recorded on the balance sheet as agencies, trademarks, customer lists, licences, etc., and is amortised over a period of ten years. Goodwill is justified by the good profitability of the companies.

Indutrade normally uses an acquisition structure entailing a basic purchase price and a conditional earn-out payment. Initially, the earn-out payment is carried at the present value of the probable outcome, which for the year's acquisitions is SEK 74 million. The earn-out payment falls due for payment within two years, and the outcome can be a maximum of SEK 250 million. If the conditions are not met for the maximum earn-out payment, the outcome can be a minimum of SEK 30 million.

Effect on cash flow

Purchase price including contingent consideration	748
Purchase price not paid out	-74
Cash and cash equivalents in acquired companies	-78
Earn-out payments pertaining to previous years' acquisitions	88
Total effect on cash flow	684

Acquisitions in 2009

In 2009 all of the shares were acquired in four companies: Ingenjörfirman Rossing & Jansson AB, Sweden; Flintec Brasil Ltda, Brazil; Key Valves Technologies Ltd, Korea; and Dominator Pump AB, Sweden. In addition, two businesses were acquired: the automation products business from B Begner AB, and the optics products business from Sefo Consulting AB.

Flow Technology

Rossing & Jansson, with annual sales of approximately SEK 20 million, is a supplier of complete system solutions, standalone products and services in the areas of automation and control technology for energy production, industry and shipping. The company is consolidated in the Group as from 1 September 2009.

Industrial Components

Dominator, with annual sales of approximately SEK 12 million, distributes pneumatic membrane pumps in the Nordic countries and is a market leader in Sweden. Customers are in the food, pharmaceutical, engineering and chemical industries. The company is consolidated in the Group as from 1 December 2009.

The Automation Products business, which covers components and sub-systems for automation of industrial manufacturing processes, with annual sales of approximately SEK 20 million, is included in the Group as from 1 October 2009. The Optics Products business, with annual sales of approximately SEK 6 million, is consolidated in the Group as from October 2009. The business covers instruments, products and service for optometrists, ophthalmologists and eye clinics.

Special Products

Flintec Brasil Ltda, a former distributor of Flintec's products in Brazil, was acquired in September. Annual sales amount to approximately SEK 4 million.

Key Valves Technologies Ltd, in South Korea, is a leading player in research, development and manufacturing of high pressure valves. The company's products are used for control of pressure and flows in severe duty applications in power generation and in the petrochemical industry. Annual sales amount to approximately SEK 150 million. The company is consolidated in the Group as from 1 November 2009.

EFFECT OF ACQUISITIONS MADE IN 2009 AND 2008

SEK million	Net sales		EBITA
	Jan.-Dec.	Jan.-Dec.	
Business area			
Engineering & Equipment	0	0	
Flow Technology	6	1	
Industrial Components	35	0	
Special Products	134	10	
	175	11	
Acquisitions completed 2008	162	9	
Acquisitions completed 2009	13	2	
Effect on Group	175	11	

If the units acquired in 2009 had been consolidated as from 1 January 2009, net sales for the full year would have amounted to SEK 6,409 million, and EBITA would have been SEK 610 million.

ACQUIRED ASSETS IN INGENJÖRSFIRMAN ROSSING & JANSSON AB, FLINTEC BRASIL LTDA, KEY VALVES TECHNOLOGIES LTD AND DOMINATOR PUMP AB, AND IN THE AUTOMATION PRODUCTS AND OPTICS PRODUCTS BUSINESSES

Purchase price allocation			
SEK million			
Purchase price including contingent consideration			78
	Book value	Fair value adjustment	Fair value
Acquired assets			
Goodwill	–	19	19
Agencies, trademarks, customer lists, licences, etc.	–	19	19
Property, plant and equipment	35	–	35
Inventories	36	–	36
Other current assets	22	–	22
Cash and cash equivalents	11	–	11
Deferred tax liability	-2	-2	-4
Borrowings and pension obligations	-24	–	-24
Other operating liabilities	-36	–	-36
	42	36	78

Since disclosures about the individual acquisitions are insignificant, they are provided here in aggregate form. The cost of customer lists and agencies has been valued at one year's gross margin and has been recorded on the balance sheet as agencies, trademarks, customer lists, licences, etc., and is amortised over a period of ten years. Goodwill is justified by the good profitability of the companies.

Effect on cash flow

Purchase price including contingent consideration	78
Purchase price not paid out	-11
Cash and cash equivalents in acquired companies	-11
Contingent consideration pertaining to previous years' acquisitions	132
	188

Acquisitions after the end of the reporting period

Four acquisitions have been carried out in the early months of 2011. In early January the Engineering & Equipment business area acquired Dantherm Filtration Oy, with annual sales of approximately SEK 30 million. The company specialises in components for customers in the forestry, paper, metal and recycling industries, among others.

Also in early January, the Special Products business area acquired the Swiss industrial group Abima, with annual sales of approximately SEK 400 million, and the companies Mijnsbergen B.V. and ATB Automation, which are active in Benelux, with combined sales of approximately SEK 60 million. Abima is active in control and regulation of flows, insulation against cold, heat and sound, rust/corrosion prevention and fire safety.

The Benelux companies provide customised solutions with a broad range of products in power transmission and motion control.

In early February, the Special Products business area carried out an additional acquisition, of Abelko Innovation AB, with annual sales of SEK 60 million. Abelko offers specially adapted solutions for energy measurement, remote control, building automation, energy optimisation and operational monitoring.

ACQUIRED ASSETS IN ABIMA (NAME CHANGED TO INDUTRADE SWITZERLAND AG), MIJNSBERGEN B.V., ATB AUTOMATION, DANTHERM FILTRATION OY AND ABELKO INNOVATION AB

Preliminary purchase price allocation	
SEK million	
Purchase price including contingent consideration of SEK 57 million	358

Acquired assets	Book value	Fair value adjustment		Fair value
		adjustment	Fair value	
Goodwill	–	47	47	
Agencies, trademarks, customer relationships, licences, etc.	2	146	148	
Property, plant and equipment	18	–	18	
Financial assets	14	–	14	
Inventories	64	–	64	
Other current assets	157	–	157	
Cash and cash equivalents	22	–	22	
Deferred tax liability	-3	-34	-37	
Borrowings and pension obligations	-4	–	-4	
Other operating liabilities	-71	–	-71	
	199	159	358	

Agencies, trademarks, customer lists, licences, etc. will be amortised over a 10-year period. The acquisitions affected cash flow in 2011 by SEK 279 million.

Note 27 PLEDGED ASSETS

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
For own liabilities				
Real estate mortgages	62	37	–	–
Chattel mortgages	13	22	–	–
Assets subject to liens	57	48	–	–
Shares in subsidiaries	116	127	95	127
Endowment insurance policies	2	2	–	–
Other	22	0	–	–
Total	272	236	95	127

Car leases are reported as finance leases in accordance with IFRS, entailing an increase in assets, liabilities and pledged assets of SEK 57 million (48).

Note 28 CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Contingent liabilities for subsidiaries'				
PRI liabilities	–	–	74	71
Guarantees pledged on behalf of subsidiaries	–	–	284	224
Contingent liabilities for own PRI liabilities	1	1	–	–
Other contingent liabilities	3	–	–	–
Total	4	1	358	295

Note 29 CASH FLOW FROM OPERATIONS

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Net profit for the year	405	341	475	289
Adjustments for:				
Income tax	148	120	45	40
Amortisation of intangible assets	89	69	0	0
Depreciation of property, plant and equipment	98	89	1	0
Gain/loss on sale of property, plant and equipment	0	0	–	–
Net change in other provisions	10	-2	54	-13
Financial income	-17	-8	-31	-20
Financial expenses	78	72	45	48
Dividend income, etc.	–	–	-628	-378
Total adjustments	406	340	-514	-323
Changes in working capital:				
Inventories	25	144	–	–
Trade accounts receivable and other receivables	-77	196	-280	135
Trade accounts payable and other liabilities	92	-220	12	-8
Total changes in working capital	40	120	-268	127
Cash flow from operations	851	801	-307	93
Cash and cash equivalents on the balance sheet and cash flow statement consist of:				
	2010	2009	2010	2009
Cash and bank balances	219	229	5	41
Short-term investments	–	–	–	–
Total	219	229	5	41

Note 30 INCOME STATEMENT CLASSIFIED
BY TYPE OF COST

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Goods for resale, raw materials and consumables	-3,439	-3,333	-	-
Costs for employee benefits	-1,408	-1,301	-26	-18
Depreciation/amortisation/impairment charges	-187	-142	-1	-1
Other costs	-1,094	-967	-17	-15
Total	-6,128	-5,743	-44	-34

Note 31 RELATED PARTY TRANSACTIONS

Intra-Group purchases and sales have been negligible. Investments with and borrowings from Group companies have been made at market terms.

The Parent Company and five of the Group's subsidiaries rent premises in the Malax 3 property in Akalla, Sweden, from the Group company Colly Company AB, which in turn rents the property from an external party.

AUDIT REPORT

To the annual meeting of the shareholders of Indutrade AB (publ)
Corporate identity number 556017-9367

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Indutrade AB (publ) for the year 2010. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts 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 accounts 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 managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. 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 managing director. We also examined whether any board member or the managing director 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 23 March 2011
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized Public Accountant

ANNUAL GENERAL MEETING AND REPORTING DATES

ANNUAL GENERAL MEETING

Time and place

The Annual General Meeting will be held at 4 p.m. on Wednesday, 27 April 2011, at Summit, Razorfish lecture hall, Grev Turegatan 30, Stockholm.

Who is entitled to participate?

To be entitled to participate in the Annual General Meeting, shareholders must be listed in the shareholder register maintained by Euroclear Sweden AB on Tuesday, 19 April 2011 and have notified the Company of their intention to participate by Friday, 19 April 2011, preferably before 4 p.m.

How to become registered in the shareholder register

Shareholders who have registered their shares in their own name with Euroclear are automatically entered in the shareholder register. Shareholders whose shares are registered in the names of a trustee must have their shares re-registered temporarily in their own names well in advance of 19 April to be eligible to participate in the Annual General Meeting.

Notification of attendance

Notification of intention to participate in the Meeting can be made using one of the following alternatives:

- on the Company's website: www.indutrade.se
- by post to: Indutrade AB, Box 6044, SE-164 06 Kista, Sweden, attn. Hannelore Söderberg
- by phone +46 (0)8 703 03 00
- by fax +46 (0)8 752 79 39.

Upon notification, shareholders must indicate their:

- name
- national ID number or company registration number
- address and phone number.

Notification must be received by the Company no later than 4 p.m. (CET) on Tuesday, 19 April 2011.

Proxies

Shareholders may exercise their right to participate in the Annual General Meeting through appointment of a proxy with power of attorney. Such power of attorney must be in writing and should be sent to the Company well in advance the Meeting at the above address. Proxies for legal entities must also submit a certified copy of a certificate of incorporation or corresponding authorisation document.

Dividend

The dividend will be paid to shareholders who on the record date, 2 May 2011, are registered in the shareholder register. Provided that the Annual General Meeting resolves in accordance with the Board's proposal, payment of the dividend is expected to be made via Euroclear Sweden on 5 May 2011.

REPORTING DATES

Interim report 1 January–31 March 2011	27 April 2011
Interim report 1 January–30 June 2011	3 August 2011
Interim report 1 January–30 September 2011	1 November 2011