

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2006

THIRD QUARTER

- Net sales during the third quarter rose 16% to SEK 1,091 million (940). Of the increase, 9 percentage points were attributable to acquisitions and currency effects.
- Operating income before amortisation of intangible fixed assets (EBITA) rose 34% to SEK 122 million (91), and the EBITA margin was 11.2% (9.6%).
- Income after tax rose 25% to SEK 75 million (60).
- Earnings per share for the quarter were SEK 1.87 (1.50).

NINE MONTHS

- Net sales for the period rose 18%, to SEK 3,262 million (2,763). Of the increase, 11 percentage points were attributable to acquisitions and currency effects.
- Operating income before amortisation of intangible fixed assets (EBITA) rose 36%, to SEK 325 million (239), and the EBITA margin was 10.0% (8.7%).
- Income after tax rose 28%, to SEK 208 million (162).
- Earnings per share for the period were SEK 5.20 (4.05).
- The return on operating capital for the latest 12 months was 32.0% (26.4%).

Figures in parentheses pertain to the corresponding period in 2005. Comparing figures for 2003 have not been adjusted for IFRS.

NET SALES AND EARNINGS, ETC.

July–September 2006

Incoming orders increased by 21% during the third quarter, to SEK 1,102 million (913). Of the increase, 14 percentage points pertained to acquired companies and -1 percentage point to currency effects.

Net sales rose 16% during the third quarter, to SEK 1,091 million (940). Of the increase, 10 percentage points pertained to acquired companies and -1 percentage point to currency effects.

The gross margin increased by 0.5 percentage points during the period, to 32.5%.

Operating income before amortisation of intangible fixed assets (EBITA) amounted to SEK 122 million (91). The operating margin before amortisation of intangible fixed assets (EBITA margin) increased to 11.2% (9.6%).

January–September 2006

Incoming orders during the period amounted to SEK 3,461 million (2,818), an increase of 23%. Of the increase, acquired companies accounted for 13 percentage points and currency effects for 0 percentage points.

Net sales during the first nine months of 2006 rose 18%, to SEK 3,262 million (2,763). Of the increase, acquired companies accounted for 11 percentage points and currency effects for 0 percentage points.

The gross margin rose by 0.3 percentage points during the period, to 32.9%. The Special Products business area had the strongest performance compared with the same period a year ago, mainly due to completed acquisitions, but also to strong organic growth. The Industrial Components business area also performed strongly, mainly due to higher demand compared with the same period a year ago.

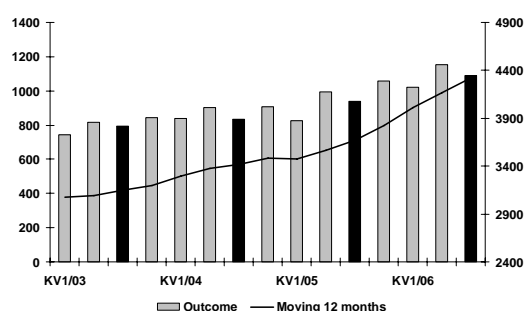
Operating income before amortisation of intangible fixed assets (EBITA) amounted to SEK 325 million (239). The operating margin before amortisation of intangible fixed assets (EBITA margin) increased to 10.0% (8.7%). The EBITA margin has been favourably affected primarily by the acquisitions made in the Special Products business area after the second quarter of 2005. The strong trend for the Industrial Components business area and the adaptation of overhead levels that the business area carried out during the preceding year have also contributed to the Group's improved EBITA margin. Net financial items amounted to SEK -15 million (-8), and tax on income for the period has been estimated at SEK -86 million (-63). Income after tax rose 28%, to SEK 208 million (162).

The return on operating capital for the past 12 months increased to 32% (26%). Interest-bearing net debt increased by SEK 30 million, to SEK 596 million (566), and the net debt/equity ratio was 74% (87%).

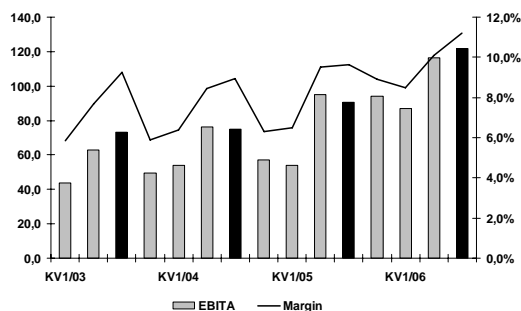
Financial development	2006	2005	Change	2006	2005	Change	2005
SEK million	July-Sept.	July-Sept.	July-Sept. 06/05	Jan.-Sept.	Jan.-Sept.	Jan.-Sept. 06/05	Full year
Net sales	1,091	940	16.1%	3,262	2,763	18.1%	3,822
Sales growth, %	16.1	12.7	3.4% ¹⁾	18.1	7.1	11.0% ¹⁾	9.6
EBITA, SEK million	122	91	34.1%	325	239	36.0%	333
EBITA margin, %	11.2	9.6	1.6% ¹⁾	10.0	8.7	1.3% ¹⁾	8.7
Income after financial items, SEK million	109	84	29.8%	294	225	30.7%	309
Income after tax, SEK million	75	60	25.0%	208	162	28.4%	222
Earnings per share, SEK	1.87	1.50	25.0%	5.20	4.05	28.4%	5.55
Return on operating capital, %	32.0	26.4	5.6% ¹⁾	32.0	26.4	5.6% ¹⁾	31.5
Net debt/equity ratio, %	74.0	87.1	-13.1%	74.0	87.1	-13.1% ¹⁾	57.4

1) Change in percentage points.

Net sales, SEK million



EBITA, SEK million



DEVELOPMENT IN BRIEF BY BUSINESS AREA

Engineering & Equipment

Engineering & Equipment offers customised niche products, design solutions, after-market service and special processing. Products consist primarily of hydraulics, equipment for automotive workshops, flow products and transmissions.

Net sales rose 14% during the period January–September, to SEK 1,145 million (1,003). Of this increase, 4 percentage points pertained to organic growth, and 10 percentage points to acquired companies. EBITA for the first three quarters was SEK 105 million (94), corresponding to an EBITA margin of 9.2% (9.4%). The slightly lower EBITA margin has been affected by higher overheads, which could not be compensated by an improved gross margin. Overheads during the period were charged with the move to a new warehouse shared by four companies in the business area, which is expected to result in more cost-effective inventory management in the future.

During the period, the companies Puwimex Oy, Robota AB, Suomen Pukisto Tarvike Oy and PRP-Plastic Oy were acquired.

Flow Technology

Flow Technology offers components and systems for the management, control and supervision of flows. Products mainly consist primarily of valves, pumps, and measurement and analytical instruments.

Net sales for the period totalled SEK 773 million (713), an increase of 8%, of which 2 percentage points pertained to acquired companies. EBITA for the period was SEK 67 million (55), and the EBITA margin increased to 8.7% (7.7%), mainly due to an improved gross margin.

Industrial Components

Industrial Components offers a wide range of technically advanced components and systems for production and maintenance. Products, consisting mainly of consumables for recurring needs, include fasteners, filters, adhesives and cutting tools.

Net sales during the period January–September rose 17%, to SEK 580 million (496). Acquired companies accounted for 7 percentage points of this increase. EBITA for the period was SEK 59 million (36), corresponding to an EBITA margin of 10.2% (7.2%). The margin improvement is mainly attributable to a strong rise in net sales and to the effect of cost-cutting measures taken during the second and third quarters of 2005. The company TriboTec AB was acquired during the period.

Special Products

Special Products offers specially manufactured niche products, design solutions, after-market service and assembly, and special processing. Products include, among other things, temperature sensors, special plastics, tool holders and electrical components.

Net sales during the period rose 38% to SEK 783 million (568). Acquired companies accounted for 29 percentage points of this increase. EBITA reached SEK 120 million (72) for the period, and the EBITA margin was 15.3% (12.7%). The improved margin can be credited primarily to strong margins of the acquired companies and to favourable margin development for several of the business area's existing companies. During the first three quarters, the companies Gedvelop AB, Spinova AB and Damalini AB were acquired.

FINANCIAL POSITION

Shareholders' equity amounted to SEK 805 million (650), and the equity ratio was 33% (33%).

Cash and cash equivalents amounted to SEK 190 million (83). In addition, the company has SEK 144 million (114) in unutilised credit facilities. Interest-bearing net debt after deductions for cash and cash equivalents amounted to SEK 596 million (566). The net debt/equity ratio was 74% (87%) at the close of the period.

The increase in net debt is mainly attributable to completed acquisitions.

CASH FLOW

Cash flow from operating activities was SEK 139 million (147). Cash flow after net investments in tangible fixed assets (excluding company acquisitions) was SEK 97 million (113).

CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures in fixed assets (excluding company acquisitions) totalled SEK 42 million (34). Depreciation of tangible fixed assets totalled SEK 41 million (36). Capital expenditures in company acquisitions amounted to SEK 248 million (142).

EMPLOYEES

The number of employees was 1,743 (1,509) at the end of the period. Approximately 190 employees have been added through acquired companies during the last twelve months.

ACQUISITIONS

The Group has carried out the following company acquisitions, which are being consolidated in 2006 for the first time.

Acquisitions completed

Month acquired	Acquisition	Business area	Sales/ SEK million*	No. employees*
January	Puwimex Oy	Engineering & Equipment	60	10
	Robota AB		53	20
February	Suomen Putkisto Tarvike Oy (SPT)	Engineering & Equipment	8	4
April	Gedvelop AB	Special Products	35	7
June	PRP-Plastic Oy	Engineering & Equipment	27	33
	Spinova AB	Special Products	60	52
	TriboTec AB	Industrial Components	70	20
September	Damalini AB	Special Products	60	31
Total			373	177

*Annual sales and number of employees at the time of acquisition.

Further information on the completed company acquisitions can be found on page 10 of this interim report.

PARENT COMPANY

The main function of Indutrade AB is to take responsibility for business development, major acquisitions, financing, management and analysis. The parent company's sales, which consist exclusively of inter-company invoicing of services, amounted to SEK 0 million (4) during the first nine months of the year. The parent company's capital expenditures in fixed assets amounted to SEK 1 million (1). The number of employees on 30 September was 8 (7).

NOMINATION COMMITTEE FOR ELECTION OF THE BOARD

At the Annual General Meeting on 27 April 2006, it was resolved that the company's Nomination Committee shall consist of representatives of the four largest shareholders as well as the Chairman of the Board. The member representing the largest shareholder shall serve as committee chair. In the event a member resigns from the Nomination Committee prior to the completion of its work, and if the Nomination Committee finds it suitable, a replacement shall be obtained from the same shareholder or, if such shareholder is no longer one of the four largest shareholders, from the shareholder that is next in turn in terms of size. The composition of the Nomination Committee ahead of the 2007 Annual General Meeting shall be based on shareholder information as per 31 August 2006, and shall be announced as soon as the members are appointed, but not later than six months prior to the Annual General Meeting. The Nomination Committee's mandate period continues until the composition of the subsequent Nomination Committee has been made public.

Accordingly, the following persons have been appointed as members of the Nomination Committee: Carl-Olof By (Industrivärden, committee chair), Claes Boustedt (L E Lundbergföretagen), Robert Vikström (Handelsbankens Pensionsstiftelse and Handelsbankens Pensionskassa), Neil Brown (Threadneedle Investments), and Bengt Kjell (Chairman of Indutrade).

Information on how to submit nominations to the Nominating Committee can be found on Indutrade's website: www.indutrade.se.

ACCOUNTING PRINCIPLES

This interim report for the Indutrade Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34.

Indutrade prepares financial reports in accordance with International Reporting Standards (IFRS) as approved by the European Union (EU).

The accounting principles applied in this interim report are the same as those described in Indutrade's 2005 Annual Report under the section "Accounting principles and notes".

Stockholm, 30 October 2006

Johnny Alvarsson
President and CEO

REVIEW REPORT

We have reviewed the interim report for Indutrade AB (publ.) for the period 1 January 2006 – 30 September 2006. Management is responsible for the preparation and presentation of the interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We have conducted our review in accordance with the Swedish standard for such reviews, SÖG 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR, the institute for the accountancy profession in Sweden. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 30 October 2006

Öhrlings PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant
Chief Auditor

Further information

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Financial calendar

The year-end report for 2006 will be published on 13 February 2007.

The interim report 1 January-31 March 2007 will be published on 26 April 2007.

The Annual General Meeting of Shareholders will be held on 26 April 2007 in Stockholm

Indutrade in brief

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

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

The Group is structured into four business areas: Engineering & Equipment, Flow Technology, Industrial Components and Special Products. Indutrade is listed on the Nordic Mid-Cap list under Industrials.

INDUTRADE CONSOLIDATED INCOME STATEMENT

SEK million	2006	2005	2006	2005	2005
	July-	July-	Jan.-	Jan.-	Jan.-
	Sept.	Sept.	Sept.	Sept.	Dec.
Net sales	1,091	940	3,262	2,763	3,822
Cost of goods sold	-736	-639	-2,190	-1,863	-2,582
Gross income	355	301	1,072	900	1,240
Development costs	-2	-3	-8	-9	-12
Selling costs	-190	-164	-605	-523	-725
Administrative expenses	-48	-46	-152	-132	-182
Other income and expenses	0	-1	2	-3	3
Operating income	115	87	309	233	324
Net financial items	-6	-3	-15	-8	-15
Income after financial items	109	84	294	225	309
Tax	-34	-24	-86	-63	-87
Net income for the period attributable to equity holders of the parent	75	60	208	162	222
Amortisation of intangible fixed assets	-7	-4	-16	-6	-9
Depreciation of tangible fixed assets	-15	-13	-41	-36	-49
Operating income before amortisation/impairment of intangible fixed assets (EBITA)	122	91	325	239	333
Earnings per share for the period ¹⁾	1.87	1.50	5.20	4.05	5.55

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

Revenues and expenses reported directly against shareholders' equity

Actuarial gains/losses	0	0	0	-31	-30
Exchange rate differences on foreign operations	2	-4	-7	11	14
Tax on items reported directly against shareholders' equity	0	0	0	9	9
	2	-4	-7	-11	-7
Net income for the period	75	60	208	162	222
Total reported revenues and expenses for the period	77	56	201	151	215

BUSINESS AREAS

SEK million	Net sales					EBITA				
	2006	2005	2006	2005	2005	2006	2005	2006	2005	2005
	July-	July-	Jan.-	Jan.-	Jan.-	July-	July-	Jan.-	Jan.-	Jan.-
	Sept.	Sept.	Sept.	Sept.	Dec.	Sept.	Sept.	Sept.	Sept.	Dec.
Engineering & Equipment	382	325	1145	1003	1393	45	32	105	94	133
Flow Technology	260	247	773	713	966	27	24	67	55	67
Industrial Components	185	157	580	496	680	18	12	59	36	50
Special Products	271	218	783	568	805	41	29	120	72	108
Parent Company and Group items	-7	-7	-19	-17	-22	-9	-6	-26	-18	-25
Indutrade Group	1,091	940	3,262	2,763	3,822	122	91	325	239	333

KEY DATA

	2006	2006	2006	2005	2005
	Jan.-	Jan.-	Jan.-	Jan.-	Jan.-
	Sept.	June	March	Sept.	Dec.
Net sales, SEK million	3,262	2,171	1,020	2,763	3,822
Sales growth, %	18.1	19.1	23.1	7.1	9.6
EBITA, SEK million	325	203	87	239	333
EBITA margin, %	10.0	9.4	8.5	8.7	8.7
Operating capital, SEK million	1,401	1,389	1,224	1,216	1,124
Return on operating capital, % (12 months)	32.0	29.9	32.9	26.4	31.5
Interest-bearing net debt, SEK million	596	662	455	566	410
Net debt/equity ratio, %	74.0	90.9	59.2	87.1	57.4
Equity ratio, %	32.7	31.3	37.5	33.3	36.9

KEY PER-SHARE DATA ¹⁾

Earnings per share, SEK	5.20	3.33	1.42	4.05	5.55
Shareholders' equity per share, SEK	20.13	18.20	19.23	16.25	17.85
Cash flow from operating activities per share, SEK	3.48	0.73	-0.20	3.68	8.05

1) Based on 40,000,000 shares, which corresponds to the number of shares outstanding on 30 September 2006.

INDUTRADE CONSOLIDATED BALANCE SHEET

	2006	2005	2005
	30 Sept.	30 Sept.	31 Dec.
SEK million			
Goodwill	273	237	210
Other intangible fixed assets	186	44	88
Tangible fixed assets	327	288	287
Financial fixed assets	30	31	31
Inventories	681	620	615
Accounts receivable, trade	675	574	532
Other current assets	99	76	53
Cash and cash equivalents	190	83	117
Total assets	2,461	1,953	1,933
Shareholders' equity	805	650	714
Long-term interest-bearing liabilities	394	410	411
Long-term noninterest-bearing liabilities	135	32	47
Current interest-bearing liabilities	392	239	116
Accounts payable, trade	341	295	322
Other current noninterest-bearing liabilities	394	327	323
Total shareholders' equity and liabilities	2,461	1,953	1,933

CHANGE IN GROUP EQUITY

SEK million	2006 Jan.-Sept.	2005 Jan.-Sept.	2005 Jan.-Dec.
Opening shareholders' equity	714	708	708
Repayment of shareholder contribution	-	-159	-159
Dividend	-110¹⁾	-50	-50
Actuarial pension effects	-	-22	-21
Translation differences	-7	11	14
Net income for the period	208	162	222
Closing shareholders' equity	805	650	714
Number of shares on 30 September and average number of shares	40 000	40 000	40 000

¹⁾ SEK 2.75 per share

INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

SEK million	2006 Jan.- Sept.	2005 Jan.- Sept.	2005 Jan.- Dec.
Cash flow from operating activities before change in working capital	262	218	303
Change in working capital	-123	-71	19
Cash flow from operating activities	139	147	322
Net capital expenditures in fixed assets	-42	-34	-41
Company acquisitions and divestments	-157	-142	-148
Change in other financial fixed assets	0	-8	-8
Cash flow from investing activities	-199	-184	-197
Net borrowings	245	320	192
Dividend payout, Group contribution and shareholder contribution	-110	-301	-301
Cash flow from financing activities	135	19	-109
Cash flow for the period	75	-18	16
Cash and cash equivalents at start of period	117	97	97
Exchange rate differences	-2	4	4
Cash and cash equivalents at end of period	190	83	117

ACQUISITIONS

Acquisitions from January through September 2006

In November 2005 an agreement was signed on the acquisition of 100% of the shares in Puwimex Oy, with possession taking place on 1 January 2006. Puwimex is a technology sales company in the area of pump technology with annual sales of approximately SEK 60 million.

On 1 January 2006, 100% of the shares in Robota AB were acquired, and on 1 February 100% of the shares in Suomen Putkisto Tarvike Oy (SPT) were acquired. Robota, with annual sales of approximately SEK 53 million, sells products and customised solutions for water and drainage. SPT sells products and services for leak detection, with annual sales of approximately SEK 8 million.

In April 2006 Indutrade acquired 100% of the shares in Gedevelop AB, which sells precision instruments and systems for measuring flows and temperatures, primarily in the glass industry. Its annual net sales amount to approximately SEK 35 million.

In June, 100% of the shares were acquired in each of the following three companies: PRP-Plastic Oy, Spinova AB and TriboTec AB.

PRP-Plastic manufactures various types of plastic products for the process industry, such as coatings, cisterns, components and pipe systems, and has annual net sales of approximately SEK 27 million. Spinova is one of Sweden's leading manufacturers of customer-adapted coil springs and wire details. The products are used as components in hydraulic systems, locks, entrance doors, pumps, HVAC applications, and sub-components in equipment for the food industry. Its annual net sales amount to approximately SEK 60 million. TriboTec provides chemical engineering products in the areas of corrosion protection, lubrication and bonding technology. Its customers are mainly in general mechanical engineering and in the automotive industry and its subcontractors. Its annual net sales amount to approximately SEK 70 million.

In September Indutrade acquired Damalini AB, a technological leader in laser-based measurement and alignment systems. Its proprietary EasyLaser® laser systems are used in industry for shaft alignment, sheave/pulley alignment and geometrical measurements. Damalini has annual sales of approximately SEK 60 million in 70 countries.

Acquired assets in Puwimex Oy, Suomen Putkisto Tarvike Oy, Robota AB, PRP-Plastic Oy, Gedevelop AB, Spinova AB, TriboTec AB and Damalini AB. Preliminary acquisition estimate.

SEK million

Purchase price, including supplemental purchase price	248		
Acquired assets	Book value	Market value adjustment	Market value
Goodwill	-	66	66
Agencies, trademarks, customer lists, licences, etc.	4	105	109
Tangible fixed assets	40	3	43
Inventories	55	-	55
Other current assets	50	-	50
Cash and cash equivalents	40	-	40
Deferred tax liability	-7	-30	-37
Interest-bearing loans	-15	-	-15
Other operating liabilities	-63	-	-63
	104	144	248

Agencies, trademarks, customer lists, licences, etc. will be amortised over a period of 5-10 years. Acquisitions have affected cash flow for the third quarter by SEK 29 million, and for the period Jan.-Sept. by SEK 157 million.

Effect of completed acquisitions:

SEK million		Net sales		EBITA	
Company	Business area	July-Sept.	Jan.-Sept.	July-Sept.	Jan.-Sept.
Hanwel Europe B.V., Gedvelop AB, Spinova AB and Damalini AB	Special Products	28	164	8	39
Satron Instrument Process & Project AB	Flow Technology	8	14	1	0
Saniflex AB, Tribotec AB and Colly A/S	Industrial Components	18	33	1	3
Puwimex Oy, PRP Plastic Oy, Suomen Putkisto Tarvike Oy and Robota AB	Engineering & Equipment	39	97	9	13
Effect on the Group		93	308	19	55
Of which:					
Acquisitions made in 2006		82	165	18	31
Acquisitions made in 2005		11	143	1	24
Effect on the Group		93	308	19	55

If the acquired units had been consolidated from 1 January 2006 net sales for the period January to September would have been SEK 3 377 million and EBITA for the same period would have been SEK 343 million.

DEFINITIONS

Earnings per share	Net income for the period divided by the average number of shares outstanding.
EBITA	Operating income before amortisation of intangible fixed assets
EBITA margin	EBITA as a percentage of net sales for the period.
Equity ratio	Shareholders' equity as a percentage of total assets.
Intangible fixed assets	Goodwill, agencies, trademarks, customer lists, licences and leaseholds.
Interest-bearing net debt	Interest-bearing liabilities, incl. pension liability less cash and cash equivalents
Net capital expenditures	Purchases less sales of intangible and tangible fixed assets, excluding items included in acquisitions and divestments of subsidiaries and businesses
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.
Operating capital	Interest-bearing net debt and shareholders' equity.
Return on operating capital	EBITA as a percentage of average operating capital
Tangible fixed assets	Buildings, land, machinery and equipment