

# INTERIM REPORT

## 1 JANUARY – 30 JUNE 2010



### 1 JANUARY – 30 JUNE 2010 (COMPARED WITH SAME PERIOD A YEAR AGO)

- Net sales fell 2% during the period, to SEK 3,249 million (3,320). For comparable units net sales fell 5%.
- Operating profit before amortisation of intangible assets (EBITA) rose 11% to SEK 335 million (303) and the EBITA-margin was 10.3% (9.1).
- Profit after tax rose 18% to SEK 201 million (171).
- Earnings per share were SEK 5.03 (4.28) for the period.

### SECOND QUARTER 2010 (COMPARED WITH SAME PERIOD A YEAR AGO)

- Net sales rose 8% during the second quarter, to SEK 1,722 million (1,589). For comparable units the increase was 5%.
- Operating profit before amortisation of intangible assets (EBITA) rose 35% to SEK 191 million (142) and the EBITA-margin was 11.1% (8,9).
- Profit after tax rose 51% to SEK 115 million (76).
- Earnings per share were SEK 2.88 (1.90).

### FINANCIAL DEVELOPMENT

	2010			2009			2009/10	2009
SEK million	Apr-Jun	Apr-Jun	Change	Jan-Jun	Jan-Jun	Change	Moving 12 mos	Jan-Dec
Net Sales	<b>1,722</b>	1,589	8.4%	<b>3,249</b>	3,320	-2.1%	6,200	6,271
EBITA *)	<b>191</b>	142	34.5%	<b>335</b>	303	10.6%	626	594
EBITA margin, %	<b>11.1</b>	8.9		<b>10.3</b>	9.1		10.1	9.5
Profit after financial items	<b>156</b>	104	50.0%	<b>272</b>	233	16.7%	500	461
Net profit	<b>115</b>	76	51.3%	<b>201</b>	171	17.5%	371	341
Earnings per share, SEK	<b>2.88</b>	1.90	51.3%	<b>5.03</b>	4.28	17.5%	9.28	8.53
Return on operating capital, % (12 months)	<b>22.3</b>	27.9		<b>22.3</b>	27.9		22.3	22.2

\*) Operating profit before amortisation of intangible assets

## CEO's message

### Continued improved market situation and new acquisitions

Order intake for the Group in total and for comparable units has now risen for three straight quarters. Compared with the second quarter of 2009, order intake rose 14% in total and 11% for comparable units, which is the strongest growth since the third quarter of 2008. All business areas posted higher order intake for comparable units than in the same period a year ago.

I am pleased to note that the Engineering & Equipment business area, which mainly serves the Finnish market, has once again increased its order intake. The trend from the first quarter for the Industrial Components business area has continued, with higher volume for components for various types of manufacturing industries, including commercial vehicles, which showed very strong growth.

The Flow Technology business area, which was marginally affected by the general downturn in 2009, has continued to perform well and increased its order intake during the quarter. In the Special Products business area, growth has been generated above all through acquisitions. Order intake from the energy sector remains at a lower level, and demand has not yet resumed.

Invoicing for the quarter was higher than a year earlier due to improved order intake and completed acquisitions. The order book increased during the quarter.

The Group is once again showing its strength through a very good gross margin, which improved during the quarter. The EBITA margin was 11.1% for the quarter and 10.3% accumulated, which is higher than the Group's long-term target of a minimum of 10%.

### Acquisitions

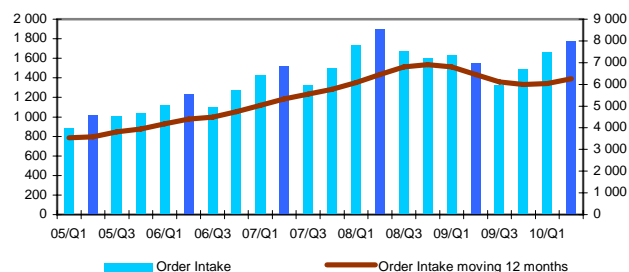
During the quarter we signed an agreement to acquire the Meson Group, which supplies valves under its own brand primarily for marine applications and to some extent for the industrial segment. The acquisition, which was completed in July, is the largest we have carried out since our stock market introduction. Also during the quarter, we acquired the pump operations of A-Vacuum Oy in Finland. In all, including the Meson Group, eight acquisitions were carried out during the first half of the year, with combined annual sales of approximately SEK 1 billion.

The prospects for further acquisitions during the second half are favourable. The positive outlook I expressed in connection with the first quarter report remains.

*Johnny Alvarsson, President and CEO*

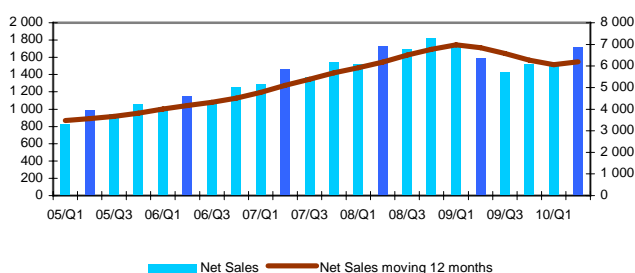
## ORDER INTAKE

MSEK

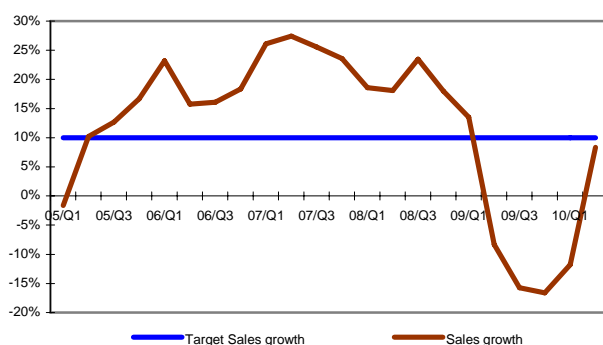


## NET SALES

MSEK



## SALES GROWTH



## Group performance

### ORDER INTAKE AND NET SALES

#### Order intake

Order intake during the period January–June amounted to SEK 3,436 million [3,178], an increase of 8%. For comparable units, order intake rose 5%, while acquired growth was 9%. Currency movements had a negative effect on order intake, by 6%.

Order intake during the second quarter amounted to SEK 1,772 million [1,548], an increase of 14%. For comparable units, order intake rose 11%, while acquired growth was 9%. Currency movements had a negative effect on order intake, by 6%.

The growth in order intake for comparable units that was noted during the latter part of the first quarter continued, with all business areas reporting growth during the second quarter.

The business area that was affected the earliest in 2008 by the economic downturn was Industrial Components, which is now reporting a clear improvement in order intake. Flow Technology's order intake also developed well, while the Special Products business area has benefited from improved demand in the Swedish market. The pace of order intake was lower for companies focusing on energy projects. In the Finnish market, where the Engineering & Equipment business area is active, there are signs of an improvement in demand, which resulted in growth in order intake during the quarter.

#### Net sales

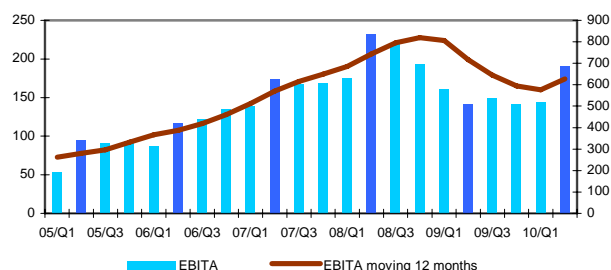
Net sales amounted to SEK 3,249 million [3,320] for the first six months of 2010, a decrease of 2% compared with 2009. For comparable units, net sales decreased by 5%, while acquired growth was 8%. Currency movements had a negative effect on net sales, by 5%.

Net sales in the second quarter rose 8% to SEK 1,722 million [1,589]. For comparable units, net sales rose 5%, while acquired growth was 9%. Currency movements had a negative effect on net sales, by 6%.

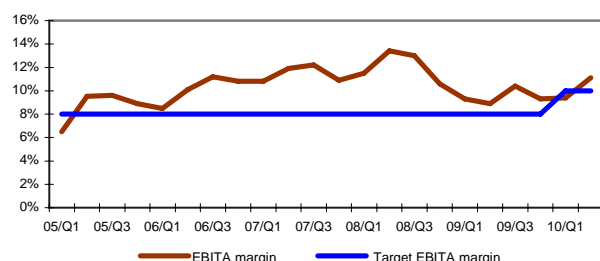
Net sales for the Industrial Components business area rose 7% during the first half of the year as a result of improved order intake. Net sales for the other business areas posted like-for-like performance of between -1% and -12% for the period and were favourably affected by an increase during the second quarter.

## EBITA

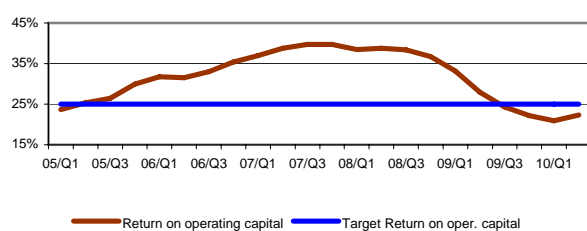
MSEK



## EBITA MARGIN



## RETURN



## EARNINGS AND RETURN

### Earnings

The gross margin for the period January–June was 33.8% [32.8%], an improvement of 1.0 percentage points. The gross margin for the second quarter was 33.9% [33.1%], an improvement of 0.8 percentage points.

The improved gross margin is mainly attributable to a shift in net sales towards products with higher margins along with improved productivity in manufacturing companies. Compared with a year ago, the strengthening of the Swedish krona has had a favourable impact on parts of the Group.

Operating profit before amortisation of intangible assets (EBITA) was SEK 335 million [303] for the period January–June, an increase of 11%. The operating margin before amortisation of intangible assets (the EBITA margin) was 10.3% [9.1%]. Measures taken in 2009, to reduce overheads, together with completed acquisitions and the improved gross margin, have contributed to a higher EBITA margin.

Net financial items amounted to SEK -21 million [-35]. Tax on profit for the period is estimated at SEK -71 million [-62]. Profit after tax rose 18% to SEK 201 million [171]. Earnings per share were SEK 5.03 [4.28].

Operating profit before amortisation of intangible assets (EBITA) was SEK 191 million [142] for the second quarter, an increase of 35%. The operating margin before amortisation of intangible assets (the EBITA margin) was 11.1% [8.9%]. The increase in net sales combined with cost adjustments made in 2009, together with the improved gross margin, contributed to the improved EBITA margin. Net financial items during the second quarter amounted to SEK -13 million [-20]. Tax on profit for the period is estimated at SEK -41 million [-28]. Profit after tax rose 51% to SEK 115 million [76]. Earnings per share were SEK 2.88 [1.90].

### Return

The return on operating capital for the last 12 months was 22.3% [27.9%] and was affected by a lower level of earnings compared with the measurement period used in the preceding year. However, the return increased by 1.4 percentage points over the first quarter.

## Business areas

### Engineering & Equipment

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

	2010	2009	2009/10	2009
SEK million	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net sales	<b>678</b>	852	1,395	1,569
EBITA	<b>44</b>	45	82	83
EBITA-margin, %	<b>6.5%</b>	5.3%	5.9%	5.3%

Net sales fell 20% during the period January–June, to SEK 678 million (852). For comparable units, net sales fell 12%, compared with a decrease of 20% during the first quarter. Exchange rate movements had a negative effect on net sales for the first half, by 8%. Demand in the market segments in Finland in which the business area is responsible for showed signs of improvement during the second quarter.

EBITA for the period was SEK 44 million (45), corresponding to an EBITA margin of 6.5% (5.3%). Mainly on account of the cost adjustments made in 2009, the EBITA margin was maintained, despite the drop in net sales.

During the period, the pump operations of A-Vacuum Oy were acquired.

### Flow Technology

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

	2010	2009	2009/10	2009
SEK million	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net sales	<b>829</b>	838	1,680	1,689
EBITA	<b>82</b>	90	178	186
EBITA-margin, %	<b>9.9%</b>	10.7%	10.6%	11.0%

Net sales for the period amounted to SEK 829 million (838), a decrease of 1%. For comparable units, net sales fell 1% since the start of the year, while net sales during the quarter rose 9%. Acquired growth was 3%. Currency movements had a negative effect on net sales, by 3%. During the period, lower activity in markets in Denmark and Norway was compensated by improved demand in other markets.

EBITA for the period was SEK 82 million (90), and the EBITA margin was 9.9% (10.7%). The lower EBITA margin is an effect of a slightly higher level of overheads during the period, which were partly compensated by an improved gross margin.

The company Corona Control AB was acquired during the period. The acquisition of Meson AB was carried out after the end of the reporting period and will be included in the Group as from 1 July 2010.

### Industrial Components

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

SEK million	2010	2009	2009/10	2009
	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net sales	<b>713</b>	607	1,269	1,163
EBITA	<b>65</b>	32	105	72
EBITA-margin, %	<b>9.1%</b>	5.3%	8.3%	6.2%

Net sales increased during the period by 17% to SEK 713 million (607). For comparable units, net sales rose 7%, while acquired growth was 13%. Currency movements had a negative effect on net sales, by 3%. In March the business area posted growth for comparable units for the first time since the third quarter of 2008. During the second quarter, net sales for comparable units rose 20%. Growth for the period was mainly attributable to higher demand for products for commercial vehicles. Higher activity was also noted for products for the steel and mining industries.

EBITA for the period was SEK 65 million (32), corresponding to an EBITA margin of 9.1% (5.3%). The EBITA margin was favourably affected by a higher volume of deliveries, with limited cost increases owing to cost-cutting programmes carried out in 2009.

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

### Special Products

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

SEK million	2010	2009	2009/10	2009
	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net sales	<b>1,042</b>	1,037	1,882	1,877
EBITA	<b>166</b>	157	297	288
EBITA-margin, %	<b>15.9%</b>	15.1%	15.8%	15.3%

Net sales amounted to SEK 1,042 million (1,037). For comparable units, net sales rose 1% during the quarter, while net sales for the entire period decreased by 9%. Acquired growth was 16% for the first half of the year, while currency movements had a negative effect on net sales, by 7%. During the quarter, most of the business area's Swedish companies were favourably affected by improved demand, while companies with products for the international energy sector noted weaker demand.

EBITA was SEK 166 million (157), and the EBITA margin was 15.9% (15.1%). The improved EBITA margin was an effect of an improved gross margin resulting from a changed product mix, while it was moderated by a slightly higher level of overheads.

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

## Other financial information

### FINANCIAL POSITION

Equity amounted to SEK 1,618 million (1,527), and the equity ratio was 34.6% (35.3%).

Cash and cash equivalents amounted to SEK 208 million (181). In addition to this are unutilised overdraft facilities of SEK 728 million (467). Interest-bearing net debt amounted to SEK 1,443 million (1,264). The net debt/equity ratio was 89% (83%) at the end of the period.

### CASH FLOW

Cash flow from operating activities amounted to SEK 166 million (120). Cash flow after net capital expenditures in property, plant and equipment, excluding company acquisitions, amounted to SEK 118 million (77). Higher earnings with a limited increase in working capital improved cash flow compared with the same period a year ago.

### CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures, excluding company acquisitions, amounted to SEK 48 million (43). Depreciation of property, plant and equipment totalled SEK 47 million (43). Capital expenditures in company acquisitions amounted to SEK 393 million (119), of which earn-out payments for previous years' acquisitions amounted to SEK 87 million (119).

### EMPLOYEES

The number of employees was 3,245 (3,078) at the end of the period, of whom 152 were added through company acquisitions.

### ACQUISITIONS

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

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

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

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

Further information about company acquisitions can be found on page 14 in this interim report.

### ACQUISITIONS AFTER THE END OF THE REPORTING PERIOD

In July, Indutrade completed the acquisition of all of the shares in Meson AB. 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 are estimated to approximately SEK 500 million. Today, the Meson Group has about 50 employees at its offices in Sweden, Denmark, Norway, Spain, Rumania, India, Dubai, Shanghai and Singapore. The Meson Group will be part of the Flow Technology business area as from 1 July 2010.

### PARENT COMPANY

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control and analysis. The Parent Company's sales, which consist exclusively of inter company invoicing of services, amounted to SEK 0 (0). The Parent Company's capital expenditures in property, plant and equipment totalled SEK 0 (1) mkr. The number of employees on 30 June was 9 (8).

## RISKS AND UNCERTAINTIES

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

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

## RELATED PARTY TRANSACTIONS

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

## ACCOUNTING PRINCIPLES

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

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

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

## INCENTIVE PROGRAMME

In connection with the Company's stock market introduction in late 2005, in collaboration with AB Industrivärden, senior executives were offered to participate in an incentive programme that expired in June this year. In May, AB Industrivärden repurchased all outstanding options from the participants.

The Board of Directors of Indutrade has, in collaboration with AB Industrivärden and after a decision by the Annual General Meeting, directed an offering to senior executives to participate in a new incentive programme. The aim of the programme is to promote management's long-term participation and involvement in the Company. The programme runs until 31 October 2013.

Forty-nine senior executives have acquired a total of 362,000 call options, issued by AB Industrivärden, and 10,000 shares. Indutrade is paying a subsidy of SEK 22 for each acquired call option and share, under the condition that the participants remain employed and keep their acquired call options/shares. The subsidy will be paid by the Company to the participants on two occasions and in two equal parts – in December 2011 and June 2013. The total cost for the Company will amount to approximately SEK 9 million, or approximately SEK 3 million per year.



## FINANCIAL CALENDAR

The interim report 1 January – 30 September will be published on 2 November 2010.  
The year-end report 1 January – 31 December 2010 will be published on 15 February 2011.

## STYRELSENS FÖRSÄKRAN

The Board of Directors and President certify that the half-year interim report gives a true and fair presentation of the Company's and Group's operations, financial position and result of operations, and that it describes the significant risks and uncertainties facing the Company and companies included in the Group.

Stockholm, 4 August 2010  
Indutrade AB (publ)

Bengt Kjell Chairman	Michael Bertorp Director	Eva Färnstrand Director
Ulf Lundahl Director	Mats Olsson Director	Johnny Alvarsson Director, President and CEO

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

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## NOTE

The information provided herein is such that Indutrade AB (publ) is obligated to disclose pursuant to the Securities and Clearing Operations Act (SFS 1992:543) and/or the Financial Instruments Trading Act (SFS 1991:980). Submitted for publication at 10.10 a.m. on 4 August 2010.

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## Further information

For further information, please contact:  
Johnny Alvarsson, President and CEO, phone +46 8 703 03 00 or +46 70 589 17 95.

This report will be commented upon on the web at the following links:

- <http://www.indutrade.com>
- <http://www.stockontv.se>

## INDUTRADE CONSOLIDATED INCOME STATEMENT

- CONDENSED

	2010	2009	2010	2009	2009/10	2009
SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net Sales	1,722	1,589	3,249	3,320	6,200	6,271
Cost of goods sold	-1,139	-1,063	-2,151	-2,232	-4,126	-4,207
<b>Gross profit</b>	<b>583</b>	526	<b>1,098</b>	1,088	2,074	2,064
Development costs	-12	-12	-23	-24	-43	-44
Selling costs	-307	-304	-601	-620	-1,150	-1,169
Administrative expenses	-91	-84	-179	-172	-330	-323
Other operating income and expenses	-4	-2	-2	-4	-1	-3
<b>Operating profit</b>	<b>169</b>	124	<b>293</b>	268	550	525
Net financial items	-13	-20	-21	-35	-50	-64
<b>Profit after financial items</b>	<b>156</b>	104	<b>272</b>	233	500	461
Income Tax	-41	-28	-71	-62	-129	-120
<b>Net profit for the period attributable to equity holders of the parent company</b>	<b>115</b>	76	<b>201</b>	171	371	341
<i>Operating profit includes:</i>						
Amortisation of intangible assets	-22	-18	-42	-35	-76	-69
Depreciation of property, plant and equipment	-24	-21	-47	-43	-93	-89
Operating profit before amortisation/impairment of intangible assets (EBITA)	191	142	335	303	626	594
Earnings per share for the period <sup>1)</sup>	2.88	1.90	5.03	4.28	9.28	8.53

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

## INDUTRADE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Net profit for the period</b>	<b>115</b>	76	<b>201</b>	171	371	341
<b>Other comprehensive income</b>						
Actuarial gains/losses	-	-	-	-	12	12
Tax on actuarial gains/losses	-	-	-	-	-3	-3
Exchange rate differences	0	-6	-55	15	-117	-47
<b>Other comprehensive income for the period, net of tax</b>	<b>0</b>	-6	<b>-55</b>	15	-108	-38
<b>Total comprehensive income for the period</b>	<b>115</b>	70	<b>146</b>	186	263	303

## BUSINESS AREA PERFORMANCE

	2010	2009	2010	2009	2009/10	2009
<b>Net sales, SEK million</b>	<b>Apr-Jun</b>	Apr-Jun	<b>Jan-Jun</b>	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>373</b>	432	<b>678</b>	852	1,395	1,569
Flow Technology	<b>446</b>	410	<b>829</b>	838	1,680	1,689
Industrial Components	<b>373</b>	284	<b>713</b>	607	1,269	1,163
Special Products	<b>537</b>	469	<b>1,042</b>	1,037	1,882	1,877
Parent company and Group items	<b>-7</b>	-6	<b>-13</b>	-14	-26	-27
	<b>1,722</b>	1,589	<b>3,249</b>	3,320	6,200	6,271

	2010	2009	2010	2009	2009/10	2009
<b>EBITA, SEK million</b>	<b>Apr-Jun</b>	Apr-Jun	<b>Jan-Jun</b>	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>30</b>	28	<b>44</b>	45	82	83
Flow Technology	<b>52</b>	50	<b>82</b>	90	178	186
Industrial Components	<b>37</b>	12	<b>65</b>	32	105	72
Special Products	<b>84</b>	63	<b>166</b>	157	297	288
Parent company and Group items	<b>-12</b>	-11	<b>-22</b>	-21	-36	-35
	<b>191</b>	142	<b>335</b>	303	626	594

	2010	2009	2010	2009	2009/10	2009
<b>EBITA margin, %</b>	<b>Apr-Jun</b>	Apr-Jun	<b>Jan-Jun</b>	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	<b>8.0%</b>	6.5%	<b>6.5%</b>	5.3%	5.9%	5.3%
Flow Technology	<b>11.7%</b>	12.2%	<b>9.9%</b>	10.7%	10.6%	11.0%
Industrial Components	<b>9.9%</b>	4.2%	<b>9.1%</b>	5.3%	8.3%	6.2%
Special Products	<b>15.6%</b>	13.4%	<b>15.9%</b>	15.1%	15.8%	15.3%
	<b>11.1%</b>	8.9%	<b>10.3%</b>	9.1%	10.1%	9.5%

## INDUTRADE CONSOLIDATED BALANCE SHEET

## - CONDENSED

	2010	2009	2009
SEK million	30 Jun	30 Jun	31 Dec
Goodwill	681	581	514
Other intangible assets	683	575	555
Property, plant and equipment	615	551	563
Financial assets	44	52	48
Inventories	1,097	1,143	1,064
Accounts receivable, trade	1,140	1,052	901
Other receivables	211	193	125
Cash and cash equivalents	208	181	229
<b>Total assets</b>	<b>4,679</b>	<b>4,328</b>	<b>3,999</b>
Equity	1,618	1,527	1,644
Long-term borrowings and pension liabilities	973	851	794
Other non-current liabilities	183	261	224
Short-term borrowings	678	594	375
Accounts payable, trade	543	433	424
Other current liabilities	684	662	538
<b>Total equity and liabilities</b>	<b>4,679</b>	<b>4,328</b>	<b>3,999</b>

## CHANGE IN GROUP EQUITY

## - CONDENSED

## Attributable to equity holders of the parent company

	2010	2009	2009
SEK million	Jan-Jun	Jan-Jun	Jan-Dec
<b>Opening equity</b>	<b>1,644</b>	1,597	1,597
Total comprehensive income for the period	146	186	303
Dividend	-172 <sup>1)</sup>	-256 <sup>1)</sup>	-256 <sup>1)</sup>
<b>Closing equity</b>	<b>1,618</b>	1,527	1,644

<sup>1)</sup> SEK 4.30 (6.40) per share.

## INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

- CONDENSED

SEK million	2010 Jan-Jun	2009 Jan-Jun	2009/10 Moving 12 mos	2009 Jan-Dec
Cash flow from operating activities				
before change in working capital	264	196	506	438
Change in working capital	-98	-76	98	120
<b>Cash flow from operating activities</b>	<b>166</b>	120	604	558
Net capital expenditures in non-current assets	-48	-43	-95	-90
Company acquisitions and divestments	-393	-119	-462	-188
Change in other financial assets	1	0	1	0
<b>Cash flow from investing activities</b>	<b>-440</b>	-162	-556	-278
Net borrowings	432	254	166	-12
Dividend paid out	-172	-256	-172	-256
<b>Cash flow from financing activities</b>	<b>260</b>	-2	-6	-268
Cash flow for the period	-14	-44	42	12
Cash and cash equivalents at start of period	229	223	181	223
Exchange rate differences	-7	2	-15	-6
<b>Cash and cash equivalents at end of period</b>	<b>208</b>	181	208	229

## KEY DATA

	2010 Jan-Mar	2010 Apr-Jun	2010 Jan-Jun	2009 Jan-Jun	2009/10 Moving 12 mos	2009 Jan-Dec
Net sales, SEK million	1,527	1,722	3,249	3,320	6,200	6,271
Sales growth, %	-11.8	8.4	-2.1	1.9	-9.4	-7.5
EBITA, SEK million	144	191	335	303	626	594
EBITA margin, %	9.4	11.1	10.3	9.1	10.1	9.5
Operating capital, SEK million	3,004	3,061	3,061	2,791	3,061	2,584
Return on operating capital, % (12 months)	20.9	22.3	22.3	27.9	22.3	22.2
Interest-bearing net debt, SEK million	1,329	1,443	1,443	1,264	1,443	940
Net debt/equity ratio, %	79.3	89.2	89.2	82.8	89.2	57.2
Equity ratio, %	36.5	34.6	34.6	35.3	34.6	41.1
<b>Key ratios per share <sup>1)</sup></b>						
Earnings per share, SEK	2.15	2.88	5.03	4.28	9.28	8.53
Equity per share, SEK	41.88	40.45	40.45	38.18	40.45	41.10
Cash flow from operating activities per share, SEK	1.43	2.72	4.15	3.00	15.10	13.95

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

## ACQUISITIONS

### Acquisitions 2010

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

### Engineering & Equipment

The pump business, which was acquired from A-Vacuum Oy, consists mainly of vacuum pumps and associated components, and has annual sales of approximately SEK 12 million. The business is consolidated in the Group as from 1 June 2010.

### Flow Technology

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

### Industrial Components

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

### Special Products

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

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

#### Preliminary purchase price allocation

SEK million

	Book value	Fair value adjustment	Fair value
Purchase price, incl. earn-out payment			<b>401</b>
Acquired assets			
Goodwill	-	180	180
Agencies, trademarks, customer relations, licences, etc.	-	179	179
Property, plant and equipment	59	-	59
Financial assets	1	-	1
Inventories	84	-	84
Other current assets	69	-	69
Cash and cash equivalents	33	-	33
Deferred tax liability	-4	-46	-50
Interest-bearing loans and pension liabilities	-80	-	-80
Other operating liabilities	-74	-	-74
	<b>88</b>	<b>313</b>	<b>401</b>

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

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

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

### Cash flow impact

Purchase price, incl. earn-out payment	401
Purchase price not paid out	-62
Cash and cash equivalents in acquired companies	-33
Earn-out payments pertaining to previous years' acquisitions	87
<b>Total cash flow impact</b>	<b>393</b>

### Effect of completed acquisitions 2009 and 2010

SEK million	Business area	Company/Business	Net sales		EBITA	
			Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
	Engineering & Equipment	Pump business	1	1	0	0
	Flow Technology	Ingenjörfirman Rossing & Jansson AB and Corona Control Group	12	22	1	2
	Industrial Components	Dominator Pump AB, AxMediTec Group and Techno Skruv i Värnamo AB	43	79	7	13
	Special Products	Flintec Brasil Ltda, Key Valve Technologies Ltd., Filtertechnik AB, Lekang AS, Filtertechnik A/S, Strålprofil PK Invest AB and Stålprofil PK AB	97	169	15	32
	<b>Effect on Group</b>		<b>153</b>	<b>271</b>	<b>23</b>	<b>47</b>
		Acquisitions carried out in 2009	31	68	1	11
		Acquisitions carried out in 2010	122	203	22	36
	<b>Effect on Group</b>		<b>153</b>	<b>271</b>	<b>23</b>	<b>47</b>

If the acquired units had been consolidated as from 1 January 2010, net sales for the year would have amounted to SEK 3,280 million and EBITA would have been SEK 339 million.

### Acquisitions after the end of the reporting period

In July, Indutrade completed the acquisition of all of the shares in Meson AB. 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 are estimated at approximately SEK 500 million. The Meson Group currently has approximately 50 employees at its offices in Sweden, Denmark, Norway, Spain, Romania, India, Dubai, Shanghai and Singapore. The Meson Group will be part of the Flow Technology business area as from 1 July 2010.

A preliminary acquisition calculation will be presented in the third quarter interim report for 2010.

## PARENT COMPANY INCOME STATEMENT

## - CONDENSED

SEK million	2010 Apr-Jun	2009 Apr-Jun	2010 Jan-Jun	2009 Jan-Jun	2009/10 Moving 12 mos	2009 Jan-Dec
Net sales	0	0	0	0	1	1
<b>Gross profit</b>	<b>0</b>	0	<b>0</b>	0	1	1
Administrative expenses	-12	-10	-22	-19	-37	-34
Other income and expenses	0	-2	0	-1	0	-1
<b>Operating profit</b>	<b>-12</b>	-12	<b>-22</b>	-20	-36	-34
Financial income/expenses	-6	-4	1	-16	-11	-28
Profit from participation in Group companies	361	198	361	198	541	378
<b>Profit after financial items</b>	<b>343</b>	182	<b>340</b>	162	494	316
Appropriations	-	-	-	-	13	13
Income Tax	4	8	4	8	-44	-40
<b>Net profit for the period</b>	<b>347</b>	190	<b>344</b>	170	463	289
Depreciation of property, plant and equipment	0	0	0	0	-1	-1

## PARENT COMPANY BALANCE SHEET

## - CONDENSED

SEK million	2010 30 Jun	2009 30 Jun	2009 31 Dec
Intangible assets	2	2	2
Property, plant and equipment	2	1	2
Financial assets	1,676	1,393	1,332
Current receivables	587	503	655
Cash and cash equivalent	38	23	41
<b>Total assets</b>	<b>2,305</b>	1,922	2,032
Equity	1,053	762	881
Untaxed reserves	1	14	1
Non-current liabilities	509	485	420
Non-current provisions	7	115	83
Current provisions	139	90	68
Current interest-bearing liabilities	586	445	525
Current noninterest-bearing liabilities	10	11	54
<b>Total equity and liabilities</b>	<b>2,305</b>	1,922	2,032



## DEFINITIONS

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

### Indutrade in brief

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

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

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

The Group is structured into four business areas:

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

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

Indutrade is listed on Nasdaq OMX Stockholm.