

YEAR-END REPORT 1 JANUARY – 31 DECEMBER 2006

FOURTH QUARTER

- Net sales during the fourth quarter rose 18% to SEK 1,254 m (1,059). Of the increase, 9 percentage points are attributable to acquisitions. Currency effects reduced the increase by 2 percentage points.
- Operating income before amortisation of intangible assets (EBITA) rose 44% to SEK 135 million (94), and the EBITA margin was 10.8% (8.9%).
- Income after tax rose 53% to SEK 92 million (60).
- Earnings per share were SEK 2.30 (1.50).

FULL YEAR

- Net sales for the full year rose 18%, to SEK 4,516 million (3,822). Of the increase, 11 percentage points were attributable to acquisitions. Currency effects reduced the increase by 1 percentage point.
- Operating income before amortisation of intangible assets (EBITA) rose 38% to SEK 460 million (333), and the EBITA margin was 10.2% (8.7%).
- Income after tax rose 35% to SEK 300 million (222).
- Earnings per share were SEK 7.50 (5.55).
- The return on operating capital was 36.9% (31.5%).
- The Board proposes a dividend of SEK 3.75 (2.75) per share.

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

NET SALES AND EARNINGS, ETC.

Fourth quarter 2006

Incoming orders during the quarter amounted to SEK 1,277 million (1,037), an increase of 23%, of which 8 percentage points pertained to acquired companies and -2 percentage points to currency effects. Net sales for the Group rose 18% during the fourth quarter, to SEK 1,254 million (1,059). Of the increase, acquired companies accounted for 9 percentage points and currency effects for -2 percentage points. Operating income before amortisation of intangible assets (EBITA) amounted to SEK 135 million (94). The operating margin before amortisation of intangible assets (the EBITA margin) increased by 1.9 percentage points, to 10.8% (8.9%).

Full year 2006

Incoming orders amounted to SEK 4,739 million (3,860), an increase of 23%, of which 12 percentage points pertained to acquired companies and -1 percentage point to currency effects. Net sales rose 18% in 2006, to SEK 4,516 million (3,822). Of the increase, 11 percentage points pertained to acquired companies and currency movements to -1 percentage point. The gross margin increased by 0.6 percentage points, to 33.0%. Of the Group's business areas, Special Products had the strongest performance compared with a year earlier, mainly due to completed acquisitions, but also to strong organic growth. The Industrial Components business area also noted strong performance, mainly due to higher demand compared with a year earlier.

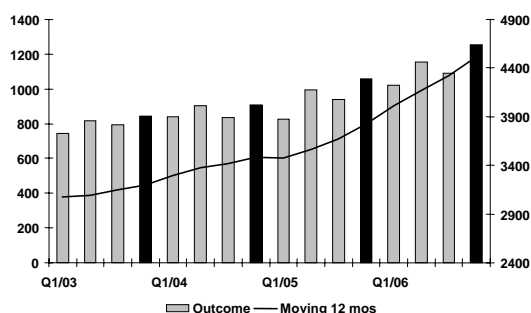
EBITA totalled SEK 460 million (333), an increase of 38%, with a strengthening in the EBITA margin by 1.5 percentage points, to 10.2 % (8.7%). The EBITA margin has been favourably affected primarily by the acquisitions made in the Special Products business area after the second quarter of 2005. The strong trend for the Industrial Components business area and the adaptation of overhead levels that the business area carried out in 2005 also contributed to the Group's improved EBITA margin. Net financial items amounted to SEK -20 million (-15). Income after tax rose 35% to SEK 300 million (222), corresponding to earnings per share of SEK 7.50 (5.55).

The return on operating capital was 36.9% (31.5%). Interest-bearing net debt increased during the year by SEK 63 million, to SEK 473 million (410), mainly due to a high level of tied-up working capital resulting from the increase in net sales. The net debt/equity ratio was 53% (57%).

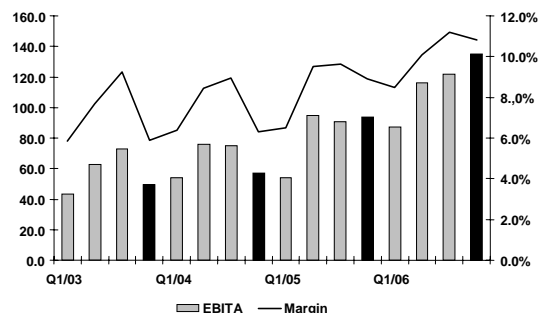
Financial development SEK million	2006	2005	Change Q4 06/05	2006	2005	Change FY 06/05
	Oct.-Dec.	Oct.-Dec.		Full year	Full year	
Net sales	1,254	1,059	18.4%	4,516	3 822	18.1%
Sales growth, %	18.4	16.8	1.6% ¹⁾	18.1	9.6	8.5% ¹⁾
EBITA, SEK million	135	94	43.6%	460	333	38.1%
EBITA margin, %	10.8	8.9	1.9% ¹⁾	10.2	8.7	1.5% ¹⁾
Income after financial items, SEK million	122	84	45.0%	416	309	34.6%
Income after tax, SEK million	92	60	53.3%	300	222	35.1%
Earnings per share, SEK	2.30	1.50	53.3%	7.50	5.55	35.1%
Return on operating capital, % moving 12 months	36.9	31.5	5.4% ¹⁾	37.0	31.5	5.5% ¹⁾
Net debt/equity ratio, %	53.0	57.4	- 4.4% ¹⁾	53.0	57.4	-4.4% ¹⁾

1) Change in percentage points.

Net sales, SEK million



EBITA, SEK million



BUSINESS AREA DEVELOPMENT IN BRIEF

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 transmission.

Net sales rose 13% in 2006, to SEK 1,576 million (1,393). Acquired companies accounted for 9 percentage points of the increase.

EBITA increased by 10%, to SEK 146 million (133). The EBITA margin was 9.3% (9.5%). The slight drop in the EBITA margin is mainly due to higher overheads in connection with the move during the second quarter to a new warehouse shared by four companies in the business area, which will result in more cost-effective inventory management in the future.

During the year, the companies Puwimex Oy, Robota AB, Suomen Putkisto 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 rose 11% during the year, to SEK 1,073 million, compared with SEK 966 million in 2005. Acquisitions accounted for 1 percentage point of the increase. Most of the business area's companies contributed to the growth improvement. EBITA reached SEK 93 million (67), corresponding to an EBITA margin of 8.7% (6.9%). The margin improvement can be credited primarily to a favourable product mix.

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 amounted to SEK 798 million (680), an increase of 17%, of which 8 percentage points pertained to acquisitions.

EBITA amounted to SEK 78 million (50), and the EBITA margin reached 9.8% (7.4%). The margin improvement can be credited primarily to the strong rise in net sales and to the effect of cost-cutting measures taken during the second and third quarters of 2005, which also yielded effects in 2006. During the year Tribotec AB was acquired.

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 rose 36% during the year, to SEK 1,094 million (805). Acquisitions accounted for 26% of the increase.

EBITA reached SEK 179 million (108), and the EBITA margin strengthened by 3 percentage points to 16.4% (13.4%). The margin improvement is mainly attributable to acquired companies and to slower growth in overheads than net sales for other companies. During the year, the companies Gedvelop AB, Spinova AB and Damalini AB were acquired.

FINANCIAL POSITION

Shareholders' equity amounted to SEK 892 million (714), and the equity ratio was 37% (37%). Cash and cash equivalents amounted to SEK 119 million (117). In addition, the company has SEK 433 million (243) in unutilised credit facilities. Interest-bearing net debt after deductions for cash and cash equivalents amounted to SEK 473 million (410). The net debt/equity ratio was 53% (57%). The increase in net debt is mainly attributable to an increase in tied-up working capital stemming from higher net sales.

CASH FLOW

Cash flow from operating activities was SEK 265 million (322). Cash flow after net investments in tangible assets (excluding company acquisitions) was SEK 208 million (281). Compared with the preceding year, cash flow was mainly affected by an increase in tied-up working capital resulting from the rise in net sales, but also by a higher tax payment, which pertained in part to 2005 profit.

CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) totalled SEK 57 million (41). Depreciation of tangible assets totalled SEK 54 million (49). Capital expenditures in company acquisitions amounted to SEK 157 million (148).

EMPLOYEES

The number of employees was 1,758 (1,534) at the end of the period. Approximately 180 employees have been added through acquired companies during the last twelve months. The average number of employees during the year was 1,673 (1,510).

ACQUISITIONS

The Group has completed 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 Robota AB	Engineering & Equipment	60 53	10 20
February	Suomen Putkisto Tarvike Oy (SPT)	Engineering & Equipment	8	4
April	Gedvelop AB	Special Products	35	7
June	PRP-Plastic Oy Spinova AB TriboTec AB	Engineering & Equipment Special Products Industrial Components	27 60 70	33 52 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 9 of this year-end 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 1 million (5) during the year. The parent company's capital expenditures in fixed assets amounted to SEK 1 million (1). The number of employees on 31 December was 8 (7).

POST-BALANCE SHEET EVENTS

Agreements have been signed to purchase all of the shares in ES Hydagent AB and Axelvalves AB. ES Hydagent designs and sells hydraulic systems for mobile industrial solutions. Annual sales amount to approximately SEK 60 million. Axelvalves is one of Scandinavia's leading suppliers of industrial valves to the process industry in Eastern Europe, with a line of its own brands. Annual sales of the company amount to approximately SEK 36 million.

ACCOUNTING PRINCIPLES

This year-end report for the Indutrade Group has been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34.

Indutrade prepares its financial statements in accordance with International Reporting Standards, as adopted by the European Union (EU).

The principles of consolidation applied in this year-end report are the same as those described in Indutrade's 2005 Annual Report under the section "Accounting principles and notes".

Dividend

The Board of Directors proposes a dividend of SEK 3.75 per share. The proposed dividend is in line with Indutrade's dividend policy to pay out, over time, a minimum of 50% of profit after tax.

Stockholm, 13 February 2007

Johnny Alvarsson
President and CEO

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

Further information

For further information, please contact:

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Financial calendar

The 2006 Annual Report will be published in April 2007.

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

The interim report for the period January–March 2007 will be published on 26 April 2007.

The interim report for the period January–June 2007 will be published on 2 August 2007.

The interim report for the period January–September 2007 will be published on 25 October 2007.

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 CONSOLIDATED INCOME STATEMENT

SEK million	2006	2005	2006	2005
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Net sales	1,254	1,059	4,516	3,822
Cost of goods sold	-837	-719	-3,027	-2,582
Gross income	417	340	1 489	1 240
Development costs	-7	-3	-15	-12
Selling costs	-230	-202	-835	-725
Administrative expenses	-53	-50	-205	-182
Other income and expenses	0	6	2	3
Operating income	127	91	436	324
Net financial items	-5	-7	-20	-15
Income after financial items	122	84	416	309
Tax	-30	-24	-116	-87
Net income for the period attributable to equity holders of the parent	92	60	300	222
Amortisation of intangible assets	-8	-3	-24	-9
Depreciation of tangible assets	-13	-13	-54	-49
Operating income before amortisation/impairment of intangible assets (EBITA)	135	94	460	333
Earnings per share for the period ¹⁾	2.30	1.50	7.50	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	10	1	10	-30
Exchange rate differences on foreign operations	-11	3	-17	14
Tax on items reported directly against shareholders' equity	-5	0	-5	9
	-6	4	-12	-7
Net income for the period	92	60	300	222
Total reported revenues and expenses for the period	86	64	288	215

BUSINESS AREAS

SEK million	Net sales				EBITA			
	2006 Oct.- Dec.	2005 Oct.- Dec.	2006 Jan.- Dec.	2005 Jan.- Dec.	2006 Oct.- Dec.	2005 Oct.- Dec.	2006 Jan.- Dec.	2005 Jan.- Dec.
Engineering & Equipment	431	390	1,576	1393	41	39	146	133
Flow Technology	300	253	1,073	966	26	12	93	67
Industrial Components	218	184	798	680	19	14	78	50
Special Products	311	237	1,094	805	59	36	179	108
Parent Company and Group items	-6	-5	-25	-22	-10	-7	-36	-25
Indutrade Group	1,254	1,059	4,516	3,822	135	94	460	333

KEY DATA

	2006 Jan.-Dec.	2006 Jan.-Sept.	2006 Jan.-June	2006 Jan.-March	2005 Jan.-Dec.
Net sales, SEK million	4,516	3,262	2,171	1,020	3,822
Sales growth, %	18.1	18.1	19.1	23.1	9.6
EBITA, SEK million	460	325	203	87	333
EBITA margin, %	10.2	10.0	9.4	8.5	8.7
Operating capital, SEK million	1,365	1,401	1,389	1,224	1,124
Return on operating capital, % (12 months)	36.9	32.0	29.9	32.9	31.5
Interest-bearing net debt, SEK million	473	596	662	455	410
Net debt/equity ratio, %	53.0	74.0	90.9	59.2	57.4
Equity ratio, %	37.4	32.7	31.3	37.5	36.9

KEY RATIOS PER SHARE ¹⁾

Earnings per share, SEK	7.50	5.20	3.33	1.42	5.55
Shareholders' equity per share, SEK	22.30	20.13	18.20	19.23	17.85
Cash flow from operating activities per share, SEK	6.63	3.48	0.73	-0.20	8.05

Based on 40,000,000 shares, which corresponds to the number of shares outstanding on 31 December 2006.

INDUTRADE CONSOLIDATED BALANCE SHEET

SEK million	2006 31 Dec.	2005 31 Dec.
Goodwill	265	210
Other intangible assets	183	88
Tangible assets	327	287
Financial assets	25	31
Inventories	719	615
Accounts receivable, trade	679	532
Other current assets	69	53
Cash and cash equivalents	119	117
Total assets	2,386	1,933
Shareholders' equity	892	714
Long-term interest-bearing liabilities	356	411
Long-term noninterest-bearing liabilities	123	47
Current interest-bearing liabilities	236	116
Accounts payable, trade	398	322
Other current noninterest-bearing liabilities	381	323
Total shareholders' equity and liabilities	2,386	1,933

CHANGE IN GROUP EQUITY

SEK million	2006	2005
	Jan.-Dec.	Jan.-Dec.
Opening shareholders' equity	714	708
Repayment of shareholder contribution	-	-159
Dividend	-110¹⁾	-50
Actuarial pension effects	10	-30
Tax effect on actuarial pension effects	-5	9
Translation differences	-17	14
Net income for the period	300	222
Closing shareholders' equity	892	714
The number of shares at the end of the reporting period and average number of shares	40,000	40,000

1) SEK 2.75 per share.

INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

SEK million	2006	2005
	Jan.-Dec.	Jan.-Dec.
Cash flow from operating activities before change in working capital	369	303
Change in working capital	-104	19
Cash flow from operating activities	265	322
Net capital expenditures in non-current assets	-57	-41
Company acquisitions and divestments	-157	-148
Change in other financial assets	-0	-8
Cash flow from investing activities	-214	-197
Net borrowings	67	192
Dividend payout, Group contribution and shareholder contribution	-110	-301
Cash flow from financing activities	-45	-109
Cash flow for the period	6	16
Cash and cash equivalents at start of period	117	97
Exchange rate differences	-4	4
Cash and cash equivalents at end of period	119	117

ACQUISITIONS

Acquisitions in 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 Gedvelop 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 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, Gedvelop AB, Spinova AB, TriboTec AB and Damalini AB.

SEK million

	Book value	Market value adjustment	Market value
Purchase price, including supplemental purchase price			247
Acquired assets			
Goodwill	-	61	61
Agencies, trademarks, customer lists, licences, etc.	4	112	116
Tangible assets	40	3	43
Inventories	55	-	55
Other current assets	50	-	50
Cash and cash equivalents	40	-	40
Deferred tax liability	-8	-32	-40
Interest-bearing loans	-16	-	-15
Other operating liabilities	-62	-	-63
	103	144	247

Agencies, trademarks, customer lists, licences, etc. will be amortised over a period of 5-10 years.

Acquisitions did not affect cash flow for the fourth quarter, while they affected cash flow for the full year by SEK 157 million.

Effect of completed acquisitions:

SEK million		Net sales		EBITA	
Company	Business area	Oct.- Dec.	Jan.- Dec.	Oct.- Dec.	Jan.- Dec.
Hanwel Europe B.V., Gedvelop AB, Spinova AB and Damalini AB	Special Products	52	216	128	51
Satron Instrument Process & Project AB	Flow Technology	5	19	0	0
Saniflex AB, Tribotec AB and Colly A/S	Industrial Components	23	56	2	5
Puwimex Oy, PRP Plastic Oy, Suomen Putkisto Tarvike Oy and Robota AB	Engineering & Equipment	34	131	2	15
Effect on Group		114	422	16	71
Of which:					
Acquisitions carried out in 2006		105	270	16	47
Acquisitions carried out in 2005		9	152	0	24
Effect on Group		114	422	16	71

If the Group had consolidated the acquired units as from 1 January 2006, net sales for the period January–December would have amounted to SEK 4,631 million, and EBITA would have amounted to SEK 478 million.

Acquisitions after the end of the financial year

Agreements have been signed to purchase all of the shares in ES Hydagent AB and Axelvalves AB. The companies will be included in the Flow Technology business area. ES Hydagent designs and sells hydraulic systems for mobile industrial solutions. Annual sales amount to approximately SEK 60 million. Axelvalves is one of Scandinavia's leading suppliers of industrial valves to the process industry in Eastern Europe, with a line of its own brands. Annual sales amount to approximately SEK 36 million.

ES Hydagent will be consolidated starting on 1 January 2007, and Axelvalves from 1 February 2007.

Acquired assets in ES Hydagent AB and Axelvalves AB.**Preliminary acquisition calculations.**

SEK million			
Purchase price, including supplemental purchase price			
	Book value	Market value adjustment	Market value
Acquired assets			
Goodwill		21	21
Agencies, trademarks, customer lists, licenses, etc.		33	33
Tangible assets	2		2
Financial assets	3		3
Inventories	18		18
Other current assets	15		15
Cash and cash equivalents	1		1
Deferred tax liability	0	-9	-9
Interest-bearing loans	-6		-6
Other operating liabilities	-22		-22
	11	45	56

Agencies, trademarks, customer lists, licences, etc. will be amortised over a period of 5-10 years.

DEFINITIONS

Earnings per share	Net income for the period divided by the average number of shares outstanding
EBITA	Operating income before amortisation of intangible assets
EBITA margin	EBITA as a percentage of net sales for the period
Equity ratio	Shareholders' equity as a percentage of total assets
Intangible assets	Goodwill, agencies, trademarks, customer lists, licences, leaseholds, etc.
Interest-bearing net debt	Interest-bearing liabilities, incl. pension liability less cash and cash equivalents
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 assets	Buildings, land, machinery and equipment