

## INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2007

### THIRD QUARTER

- Net sales rose 26% during the third quarter to SEK 1,371 million (1,091). The increase for comparable units was 15%.
- Operating profit before amortisation of intangible assets (EBITA) rose 37% to SEK 167 million (122), and the EBITA margin was 12.2% (11.2%).
- Profit after tax rose 41% to SEK 107 million (75).
- Earnings per share were SEK 2.67 (1.87) for the quarter.

### NINE MONTHS

- Net sales for the period rose 26% to SEK 4,124 million (3,262). The increase was 16% for comparable units.
- Operating profit before amortisation of intangible assets (EBITA) rose 48% to SEK 481 million (325), and the EBITA margin was 11.7% (10.0%).
- Profit after tax rose 49% to SEK 310 million (208).
- Earnings per share were SEK 7.75 (5.20) for the period.
- The return on operating capital for the last 12 months was 38.7% (32.0%).

*Figures in parentheses pertain to the corresponding period in 2006. Comparison figures for 2003 have not been adjusted for IFRS.*

## NET SALES AND EARNINGS, ETC.

### July–September 2007

Incoming orders amounted to SEK 1,325 million (1,102) during the third quarter, an increase of 20%. For comparable units, incoming orders rose 10%, while acquired growth was 10%. Net sales rose 26% during the third quarter, to SEK 1,371 million (1,091). For comparable units, net sales rose 15%, while acquired growth was 11%. Currency movements had only a marginal impact on incoming orders and net sales during the period. The gross margin decreased during the period by 0.3 percentage points, to 32.2%.

Operating profit before amortisation of intangible assets (EBITA) was SEK 167 million (122). The operating margin before amortisation of intangible asset (the EBITA margin) increased to 12.2% (11.2%).

### January–September 2007

Incoming orders amounted to SEK 4,273 million (3,461) during the period, an increase of 23%. For comparable units, incoming orders rose 12%, while acquired growth was 11%. Net sales during the first nine months of 2007 rose 26% to SEK 4,124 million (3,262). For comparable units, net sales rose 16%, while acquired growth was 11%.

Currency movements had only a marginal impact on incoming orders, while they reduced the increase in net sales by 1 percentage point.

The gross margin fell by 0.4 percentage points during the period, to 32.5%. All of the business areas have had favourable growth during the year to date. Flow Technologies was the business area with the strongest growth, with a 34% increase in net sales, mainly as a result of acquired growth, but also due to strong organic growth.

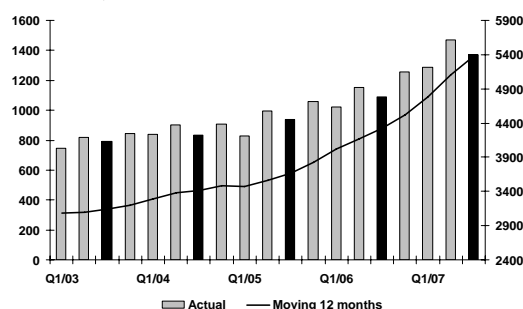
Operating profit before amortisation of intangible assets (EBITA) was SEK 481 million (325). The operating margin before amortisation of intangible assets (the EBITA margin) increased to 11.7% (10.0%). The improved EBITA margin for the period is mainly due to strong volume growth achieved with limited cost increases. Net financial items totalled SEK -24 million (-15), while tax on profit for the period is estimated at SEK -120 million (-86). Profit after tax rose 49% to SEK 310 million (208).

The return on operating capital for the last 12 months increased to 38.7% (32.0%). Interest-bearing net debt increased by SEK 119 million to SEK 715 million (596), and the net debt/equity ratio was 67% (74%).

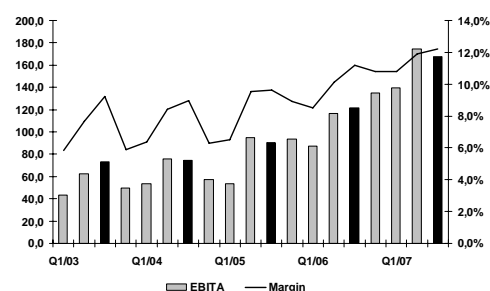
Financial development SEK million	2007 July-Sept.	2006 July-Sept.	2007 Jan.-Sept.	2006 Jan.-Sept.	Change Jan.-Sept. 07/06	2006/2007 Oct.-Sept.	2006 Full year
Net sales	<b>1,371</b>	1,091	<b>4,124</b>	3,262	26.4%	<b>5,378</b>	4,516
Sales growth, %	<b>25.7</b>	16.1	<b>26.4</b>	18.1	8.3% <sup>1)</sup>	<b>24.5</b>	18.1
EBITA, SEK million	<b>167</b>	122	<b>481</b>	325	48.0%	<b>616</b>	460
EBITA margin, %	<b>12.2</b>	11.2	<b>11.7</b>	10.0	1.7% <sup>1)</sup>	<b>11.5</b>	10.2
Profit after financial items, SEK million	<b>148</b>	109	<b>430</b>	294	46.3%	<b>552</b>	416
Profit after tax, SEK million	<b>107</b>	75	<b>310</b>	208	49.0%	<b>402</b>	300
Earnings per share, SEK	<b>2.67</b>	1.87	<b>7.75</b>	5.20	49.0%	<b>10.05</b>	7.50
Return on operating capital %	<b>38.7</b>	<b>32.0</b>	<b>38.7</b>	<b>32.0</b>	6.7% <sup>1)</sup>	<b>38.7</b>	36.9
Net debt/equity ratio, %	<b>67.1</b>	74.0	<b>67.1</b>	74.0	-6.9% <sup>1)</sup>	<b>67.2</b>	53.0

1) Change in percentage points.

### Net sales, SEK million



### EBITA, SEK million



## OVERVIEW OF BUSINESS AREA DEVELOPMENT

### **Engineering & Equipment**

*Engineering & Equipment offers customised niche products, design solutions, aftermarket service and special processing. Products consist primarily of hydraulics, automotive workshop equipment, flow products and transmission products.*

Net sales rose 25% during the period, to SEK 1,431 million (1,145). For comparable units, net sales rose 24%, while acquired growth was 2%. Currency movements reduced the increase by 1%. EBITA for the first three quarters was SEK 157 million (105), corresponding to an EBITA margin of 11.0% (9.2%).

The strong organic growth, together with a limited cost increase, contributed to the improved EBITA margin.

During the period, the operations of Wavin-Labko Oy's Net & Instrument division 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 1,037 million (773), an increase of 34%. For comparable units, net sales rose 14%, while acquired growth was 20%. EBITA for the period was SEK 102 million (67), and the EBITA margin increased to 9.8% (8.7%). The EBITA margin was favourably affected during the period by the higher volume achieved with a limited increase in costs, while a higher proportion of sales of products and projects with a lower gross margin reduced the increase.

The companies Axelvalves, SAV-Danmark Trading, Sigurd Sørnum and MWS Ventil Service were acquired during the period. ES Hydagent, for which an acquisition agreement was reached in 2006, is included in the Group as from 1 January 2007.

### **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 rose 19% during the period January–September, to SEK 690 million (580). For comparable units, net sales rose 8%, while acquired growth was 11%. EBITA for the period was SEK 78 million (59), corresponding to an EBITA margin of 11.3% (10.2%). The margin improvement can be credited primarily to the growth in net sales, which was achieved with a limited rise in overheads. A slightly improved gross margin resulting from a changed product mix also contributed to the improved EBITA margin.

The company AluFlex System was acquired during the period

### **Special Products**

*Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. Products include temperature sensors, special plastics, tool holders and electrical components, among others.*

Net sales rose 26% during the period, to SEK 985 million (783). For comparable units, net sales rose 12%, while acquired growth was 14%. Currency movements had a marginal impact on sales growth. EBITA rose to SEK 173 million (120) during the period, and the EBITA margin was 17.6% (15.3%). The margin improvement can be credited primarily to volume growth for the business area during the period.

The companies Carrab Industri and Palmstiernas Svenska were acquired during the period.

## FINANCIAL POSITION

Shareholders' equity amounted to SEK 1,066 million (805), and the equity ratio was 35% (33%).

Cash and cash equivalents amounted to SEK 136 million (190). In addition, the company has SEK 173 million (144) in unutilised credit facilities. Interest-bearing net debt after deductions for cash and cash equivalents amounted to SEK 715 million (596). The net debt/equity ratio was 67% (74%) at the end of the period.

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

## CASH FLOW

Cash flow from operating activities was SEK 177 million (139) and was affected by a greater need of working capital as a result of growth in business volume. Cash flow after net investments in tangible assets (excluding company acquisitions) was SEK 124 million (97).

## CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) totalled SEK 53 million (42). Depreciation of tangible assets totalled SEK 45 million (41). Capital expenditures in company acquisitions amounted to SEK 181 million (157).

## EMPLOYEES

The number of employees was 2,019 (1,743) at the end of the period. Approximately 200 employees have been added through acquired companies.

## ACQUISITIONS

The Group has completed the following company acquisitions, which are being consolidated in 2007 for the first time.

Month acquired	Acquisition	Business area	Sales/ SEK million*	No. of employees*
January	ES Hydagent AB	Flow Technology	60	20
February	Axelvalves AB SAV-Danmark Trading A/S	Flow Technology Flow Technology	36 65	5 26
April	Sigurd Sørum AS	Flow Technology	60	23
May	AluFlex System AB Carrab Industri AB	Industrial Components Special Products	70 26	42 27
August	Labko Tec	Engineering & Equipment	60	33
September	Palmstiernas Svenska AB MWS Ventil Service AB	Special Products Flow Technology	35 24	10 14
<b>Total</b>			436	200

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

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

## ACQUISITIONS AFTER THE END OF THE REPORTING PERIOD

All of the shares have been acquired in International Plastic Systems Limited (IPS), Newcastle, Recair Oy, Tusby and in ELRA AS, Oslo. IPS is one of the UK's leading suppliers of plastic piping systems and valves, with a broad product range of installation tools and welding equipment. The company has annual sales of approximately SEK 115 million. IPS will be included in the Flow Technology business area. Recair is a leading manufacturer of air treatment equipment in Finland and is well established in the Finnish market. The company has annual sales of approximately SEK 50 million. Recair will be included in the Engineering & Equipment business area.

ELRA, with annual sales of approximately SEK 10 million, is a technology sales company focusing primarily on servo motors and bonding material. ELRA will be included in the Engineering & Equipment business area.

## **PARENT COMPANY**

The main function of Indutrade AB is to take responsibility for business development, major acquisitions, financing, business control and analysis. The parent company's sales, which consist exclusively of inter-company invoicing of services, amounted to SEK 0 million (0) during the first nine months of the year. The parent company's capital expenditures in financial assets consisting of participations in Group companies amounted to SEK 62 million (187) and in tangible assets to SEK 0 million (1). The number of employees on 30 September was 8 (8).

## **RISKS AND UNCERTAINTY FACTORS**

The Indutrade Group conducts business in 11 countries in northern Europe through some 80 companies. This spread, together with a large customer base in various industries and a large number of suppliers, mitigates the business and financial risks. In addition to the risks and uncertainty factors that are described in Indutrade's 2006 Annual Report, no significant risks or uncertainty factors are judged to have emerged or declined. For the remaining part of the fiscal year no further risks are to be expected.

## **RELATED PARTY TRANSACTIONS**

No transactions between Indutrade and related parties, which have significantly affected the company's position and earnings, took place during the period.

## **NOMINATION PROCEDURE FOR ELECTION OF BOARD MEMBERS**

At the Annual General Meeting on 26 April 2007, it was resolved that the company's Nomination Committee shall consist of representatives for four of the 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 appointed from the same shareholder or, if such shareholder is no longer one of the largest shareholders, from the shareholder that is next in turn in terms of size. The composition of the Nomination Committee ahead of the 2008 Annual General Meeting shall be based on shareholder information as per 31 August 2007, 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 (Handelsbanken Pension Foundation and Handelsbanken Pension Fund), Lars Öhrstedt (AFA Insurance), and Bengt Kjell (Chairman of Indutrade).

Information on how to contact the Nomination Committee can be found on Indutrade's website: [www.indutrade.se](http://www.indutrade.se).

## **ACCOUNTING PRINCIPLES**

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

The principles of consolidation applied in this interim report are the same as those described in Indutrade's 2006 Annual Report under the section "Accounting principles and notes".

Stockholm, 25 October 2007

Johnny Alvarsson  
President and CEO

## REVIEW REPORT

We have reviewed this report for the period 1 January 2007 to 30 September 2007 for Indutrade AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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 standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 25 October 2007

Öhrlings PricewaterhouseCoopers AB

Lennart Danielsson  
Authorised Public Accountant  
Auditor in charge

### Further information

For further information, please contact:

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### Financial calendar

The year-end report for 2007 will be published on 15 February 2008.

This report will be presented via conference call today at 2 p.m., and can followed online at the following link:

<https://www.anywhereconference.com/?Conference=108161773&PIN=943239>

Participants are welcome to call on tel. +46-8-566 363 29.

**INDUTRADE CONSOLIDATED INCOME STATEMENT**

SEK million	2007		2006		2006/2007		2006	
	July-Sept.	July-Sept.	Jan.-Sept.	Jan.-Sept.	Oct.-Sept.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.
Net sales	<b>1,371</b>	1,091	<b>4,124</b>	3,262	<b>5,378</b>	4,516		
Cost of goods sold	<b>-930</b>	-736	<b>-2,785</b>	-2,190	<b>-3,622</b>	-3,027		
<b>Gross profit</b>	<b>441</b>	355	<b>1,339</b>	1,072	<b>1,756</b>	1,489		
Development costs	<b>-4</b>	-2	<b>-14</b>	-8	<b>-21</b>	-15		
Selling costs	<b>-224</b>	-190	<b>-690</b>	-605	<b>-920</b>	-835		
Administrative expenses	<b>-56</b>	-48	<b>-181</b>	-152	<b>-234</b>	-205		
Other income and expenses	<b>1</b>	0	<b>0</b>	2	<b>0</b>	2		
<b>Operating profit</b>	<b>158</b>	115	<b>454</b>	309	<b>581</b>	436		
Net financial items	<b>-10</b>	-6	<b>-24</b>	-15	<b>-29</b>	-20		
<b>Profit after financial items</b>	<b>148</b>	109	<b>430</b>	294	<b>552</b>	416		
Tax	<b>-41</b>	-34	<b>-120</b>	-86	<b>-150</b>	-116		
<b>Net profit for the period attributable to equity holders of the parent</b>	<b>107</b>	75	<b>310</b>	208	<b>402</b>	300		
Amortisation of intangible assets	<b>-9</b>	-7	<b>-27</b>	-16	<b>-35</b>	-24		
Depreciation of tangible assets	<b>-16</b>	-15	<b>-45</b>	-41	<b>-58</b>	-54		
Operating profit before amortisation/impairment intangible assets (EBITA)	<b>167</b>	122	<b>481</b>	325	<b>616</b>	460		
Earnings per share for the period <sup>1)</sup>	<b>2.67</b>	1.87	<b>7.75</b>	5.20	<b>10.05</b>	7.50		

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

**Revenues and expenses reported directly against equity**

Actuarial gains/losses	<b>7</b>	-	<b>7</b>	-	<b>17</b>	10
Exchange rate differences on foreign operations	<b>-2</b>	2	<b>9</b>	-7	<b>-1</b>	-17
Tax on items reported directly against equity	<b>-2</b>	-	<b>-2</b>	-	<b>-7</b>	-5
Total revenues and expenses reported directly against equity	<b>3</b>	2	<b>14</b>	-7	<b>9</b>	-12
Net profit for the period	<b>107</b>	75	<b>310</b>	208	<b>402</b>	300
<b>Total reported revenues and expenses for the period</b>	<b>110</b>	77	<b>324</b>	201	<b>411</b>	288

**BUSINESS AREAS**

SEK million	Net sales						EBITA					
	2007	2006	2007	2006	2006/2007	2006	2007	2006	2007	2006	2006/2007	2006
	July-Sept.	July-Sept.	Jan.-Sept.	Jan.-Sept.	Oct.-Sept.	Jan.-Dec.	July-Sept.	July-Sept.	Jan.-Sept.	Jan.-Sept.	Oct.-Sept.	Jan.-Dec.
Engineering & Equipment	<b>492</b>	382	<b>1,431</b>	1,145	<b>1,862</b>	1,576	<b>56</b>	45	<b>157</b>	105	<b>198</b>	146
Flow Technology	<b>347</b>	260	<b>1,037</b>	773	<b>1,337</b>	1,073	<b>36</b>	27	<b>102</b>	67	<b>128</b>	93
Industrial Components	<b>220</b>	185	<b>690</b>	580	<b>908</b>	798	<b>25</b>	18	<b>78</b>	59	<b>97</b>	78
Special Products	<b>317</b>	271	<b>985</b>	783	<b>1,296</b>	1,094	<b>58</b>	41	<b>173</b>	120	<b>232</b>	179
Parent Company and Group items	<b>-5</b>	-7	<b>-19</b>	-19	<b>-25</b>	-25	<b>-8</b>	-9	<b>-29</b>	-26	<b>-39</b>	-36
<b>Indutrade Group</b>	<b>1,371</b>	1,091	<b>4,124</b>	3,262	<b>5,378</b>	4,516	<b>167</b>	122	<b>481</b>	325	<b>616</b>	460

**KEY DATA**

	2007 Jan.-Sept.	2007 Jan.-June	2007 Jan.-Mar.	2006 Jan.-Sept.	2006/2007 Oct.-Sept.	2006 Jan.-Dec.
Net sales, SEK million	4,124	2,753	1,286	3,262	5,378	4,516
Sales growth, %	26.4	26.8	26.1	18.1	24.5	18.2
EBITA, SEK million	481	314	139	325	616	460
EBITA margin, %	11.7	11.4	10.8	10.0	11.5	10.2
Operating capital, SEK million	1,781	1,676	1,534	1,401	1,781	1,365
Return on operating capital, % (12 mos)	38.7	37.2	37.1	32.0	38.7	36.9
Interest-bearing net debt, SEK million	715	720	537	596	715	473
Net debt/equity ratio, %	67.1	75.3	53.9	74.0	67.1	53.0
Equity ratio, %	35.2	32.5	36.6	32.7	35.2	37.4

**KEY RATIOS PER SHARE <sup>1)</sup>**

Earnings per share, SEK	7.75	5.08	2.23	5.20	10.05	7.50
Equity per share, SEK	26.65	23.90	24.93	20.13	26.65	22.30
Cash flow from operating activities per share, SEK	4.43	1.93	0.38	3.48	7.58	6.63

<sup>1)</sup> Based on 40,000,000 shares, which corresponds to the number of shares outstanding as per 30 September 2007.

**INDUSTRY CONSOLIDATED BALANCE SHEET**

	2007 30 Sept.	2006 30 Sept.	2006 31 Dec.
SEK million			
Goodwill	317	273	265
Other intangible assets	314	186	183
Tangible assets	369	327	327
Financial assets	32	30	25
Inventories	894	681	719
Accounts receivable, trade	832	675	679
Other current assets	135	99	69
Cash and cash equivalents	136	190	119
<b>Total assets</b>	<b>3,029</b>	<b>2,461</b>	<b>2,386</b>
Equity	1,066	805	892
Non-current interest-bearing liabilities	445	394	356
Non-current noninterest-bearing liabilities	170	135	123
Current interest-bearing liabilities	406	392	236
Accounts payable, trade	423	341	398
Other current noninterest-bearing liabilities	519	394	381
<b>Total equity and liabilities</b>	<b>3,029</b>	<b>2,461</b>	<b>2,386</b>



## CHANGE IN GROUP EQUITY

SEK million	2007	2006	2006
	Jan.-Sept.	Jan.-Sept.	Jan.-Dec.
<b>Opening equity</b>	<b>892</b>	714	714
Dividend	-150 <sup>1)</sup>	-110 <sup>1)</sup>	-110 <sup>1)</sup>
Actuarial pension effects	7	-	10
Tax effect on actuarial pension effects	-2	-	-5
Translation differences	9	-7	-17
Net profit for the period	<b>310</b>	208	300
<b>Closing equity</b>	<b>1,066</b>	805	892

<sup>1)</sup> SEK 3.75 (2.75) per share.

## INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

SEK million	2007	2006	2007	2006
	Jan.-Sept.	Jan.-Sept.	Oct.-Sept.	Jan.-Dec.
Cash flow from operating activities before change in working capital				
in working capital	<b>385</b>	262	492	369
Change in working capital	<b>-208</b>	-123	-189	-104
<b>Cash flow from operating activities</b>	<b>177</b>	139	303	265
Net capital expenditures in non-current assets	<b>-53</b>	-42	-68	-57
Company acquisitions and divestments	<b>-181</b>	-157	-181	-157
Change in other financial assets	<b>1</b>	0	1	-
<b>Cash flow from investing activities</b>	<b>-233</b>	-199	-248	-214
Net borrowings	<b>221</b>	245	41	65
Dividend	<b>-150</b>	-110	-150	-110
<b>Cash flow from financing activities</b>	<b>71</b>	135	-109	-45
Cash flow for the period	<b>15</b>	75	-54	6
Cash and cash equivalents at start of period	<b>119</b>	117	190	117
Exchange rate differences	<b>2</b>	-2	0	-4
<b>Cash and cash equivalents at end of period</b>	<b>136</b>	190	136	119

## ACQUISITIONS

### Acquisitions from January through September 2007

All of the shares have been acquired in ES Hydagent AB, Axelvalves AB, SAV-Danmark Trading A/S, Sigurd Sørum AS, Carrab Industri AB, AluFlex System AB, Palmstiernas Svenska AB and MWS Ventil Service AB. In addition Wavin-Labko Oy's Net & Instrument division (Labko Tec) has been acquired.

ES Hydagent, which designs and sells hydraulic systems for mobile industrial solutions, has annual sales of approximately SEK 60 million. Axelvalves is one of Scandinavia's leading suppliers of industrial valves to the process industry in Eastern Europe, with own brands. Annual sales amount to approximately SEK 36 million. SAV-Danmark Trading A/S is a well established technology sales company with a broad product programme of couplings and valves in the heating and plumbing segment, with annual sales of approximately SEK 65 million. Sigurd Sørum is a well-known supplier in the Norwegian market, with a broad range of products in the areas of valves, couplings and instruments. Its customers are primarily in the process, oil, gas and offshore industries. Sigurd Sørum has annual sales of approximately SEK 60 million. MWS Ventil Service is one of Swedens most modern and comprehensive workshops for valve and maintenance and service. The company has annual sales of approximately SEK 24 million. ES Hydagent is consolidated as from 1 January 2007, while Axelvalves and SAV-Danmark Trading are consolidated as from 1 February 2007, Sigurd Sørum from 1 April and MWS Ventil Service from 1 September. The companies are included in the Flow Technology business area.

Carrab, with annual sales of SEK 26 million, manufactures stamped sheet metal parts and industrial springs. Palmstiernas Svenska delivers products and systems for measurement, supervision and control of industrial processes. Carrab is consolidated in the Group as from 1 May and Palmstiernas Svenska as from 15 September 2007. Both companies are included in the Special Products business area.

AluFlex sells comprehensive building kit systems based on aluminium profiles, as well as conveyor and linear systems. The company has annual sales of SEK 70 million and is included in the Industrial Components business area. AluFlex is consolidated as from 1 May in the Industrial Components business area.

Labko Tec manufactures and sells alarm instruments, automation solutions and ice detection units. Annual sales amount to approximately SEK 60 million. Labko Tec is included in the Engineering & Equipment business area as from mid-August 2007.

#### Acquired assets in ES Hydagent AB, Axelvalves AB and SAV-Danmark Trading A/S, Sigurd Sørum AS, Carrab Industri AB, AluFlex System AB, Labko Tec, Palmstiernas Svenska AB and MWS Ventil Service AB.

##### Preliminary acquisition calculation

SEK million			
<hr/>			
Purchase price, incl. earn-out payment		240	
	Book value	Market value adjustment	Market value
Acquired assets			
Goodwill	-	47	47
Agencies, trademarks, customer lists, licences, etc.	1	145	146
Tangible assets	25	10	35
Financial assets	5	-	5
Inventories	67	-	67
Other current assets	71	-	71
Cash and cash equivalents	28	-	28
Deferred tax liability	-4	-30	-34
Interest-bearing loans	-31	-	-31
Other operating liabilities	-94	-	-94
	<b>68</b>	<b>172</b>	<b>240</b>

Cash flow impact	
Purchase price, excl. earn-out payment	<b>193</b>
Cash and cash equivalents in acquired companies	<b>-28</b>
Earn-out payments pertaining to previous years' acquisitions	<b>16</b>
	<b>181</b>

### Effect of completed acquisitions

SEK million		Net sales		EBITA	
Company	Business area	July-Sept.	Jan.-Sept.	July-Sept.	Jan.-Sept.
Gedvelop AB, Spinova AB, Damalini AB, Carrab AB and Palmstiernas Svenska AB	Special Products	26	107	5	18
ES Hydagent AB, Axelvalves AB, SAV-Danmark Trading A/S, Sigurd Sørum AS and MWS Ventil Service AB	Flow Technology	53	154	5	17
Tribotec AB and AluFlex System AB	Industrial Components	18	62	0	7
PRP Plastic Oy and Labko Tec	Engineering & Equipment	5	19	1	3
<b>Effect on Group</b>		<b>102</b>	<b>342</b>	<b>11</b>	<b>45</b>
Acquisitions completed in 2006		19	141	4	23
Acquisitions completed in 2007		83	201	7	22
<b>Effect on Group</b>		<b>102</b>	<b>342</b>	<b>11</b>	<b>45</b>

If the acquired units had been consolidated as from 1 January 2007, net sales would have amounted to SEK 1,388 million for the period July through September and SEK 4,196 million for the first nine months of the year. EBITA would have amounted to SEK 170 million for the period July through September and SEK 489 million for the period January through September.

## PARENT COMPANY INCOME STATEMENT

SEK million	2007 July-Sept.	2006 July-Sept.	2007 Jan.-Sept.	2006 Jan.-Sept.	2006/2007 Oct.-Sept.	2006 Jan.-Dec.
Net sales	0	0	0	0	1	1
<b>Gross profit</b>	<b>0</b>	0	<b>0</b>	0	<b>1</b>	1
Administrative expenses	-8	-8	-29	-26	-38	-35
Other income and expenses	-1	0	-1	0	-2	-1
<b>Operating profit</b>	<b>-9</b>	-8	<b>-30</b>	-26	<b>-39</b>	-35
Net financial items	-1	1	-2	0	-3	-1
Profit from participations in Group companies	-	-	149	111	331	293
<b>Profit after financial items</b>	<b>-10</b>	-7	<b>117</b>	85	<b>289</b>	257
Appropriations	-	-	-	-	-	-
Tax	3	2	9	7	-39	-41
<b>Net profit for the period</b>	<b>-7</b>	-5	<b>126</b>	92	<b>250</b>	216
Depreciation of tangible assets	0	0	0	0	-1	-1

## PARENT COMPANY BALANCE SHEET

SEK million	2007 30 Sept.	2006 30 Sept.	2006 31 Dec.
Tangible assets	2	3	2
Financial assets	835	732	773
Current receivables	384	349	371
Cash and cash equivalents	30	34	15
<b>Total assets</b>	<b>1,251</b>	1,118	1,161
Equity	551	450	575
Non-current interest-bearing liabilities	277	248	284
Non-current noninterest-bearing liabilities and provisions	25	36	34
Current interest-bearing liabilities	386	371	217
Current noninterest-bearing liabilities	12	13	51
<b>Total equity and liabilities</b>	<b>1,251</b>	1,118	1,161

## DEFINITIONS

Earnings per share	Net profit for the period divided by the average number of shares outstanding
EBITA	Operating profit 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, 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 assets, excluding those included in acquisitions and divestments of subsidiaries and operations
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