

INTERIM REPORT 1 JANUARY–30 JUNE 2007

SECOND QUARTER

- Net sales rose 27% during the second quarter to SEK 1,467 million (1,151). Of the increase, 12 percentage points are attributable to acquisitions. Currency effects reduced the increase by 1 percentage point.
- Operating profit before amortisation of intangible assets (EBITA) rose 51% to SEK 175 million (116), and the EBITA margin was 11.9% (10.1%).
- Profit after tax rose 50% to SEK 114 million (76).
- Earnings per share were SEK 2.85 (1.91) for the quarter.

HALF YEAR

- Net sales for the first half of the year rose 27% to SEK 2,753 million (2,171). Of the increase, 11 percentage points are attributable to acquisitions. Currency effects reduced the increase by 1 percentage point.
- Operating profit before amortisation of intangible assets (EBITA) rose 55% to SEK 314 million (203), and the EBITA margin was 11.4% (9.4%).
- Profit after tax rose 53% to SEK 203 million (133).
- Earnings per share were SEK 5.08 (3.33) for the period.
- The return on operating capital was 37.2% (29.9%).

Figures in parentheses pertain to the corresponding period in 2006.

NET SALES AND EARNINGS, ETC.

April–June 2007

Incoming orders amounted to SEK 1,523 million (1,238) during the quarter, an increase of 23%. Of the increase, acquisitions accounted for 13 percentage points. Currency effects reduced the increase by 1 percentage point. Consolidated net sales rose 27% during the second quarter, to SEK 1,467 million (1,151). Of the increase, acquisitions accounted for 12 percentage points. Currency effects reduced the increase by 1 percentage point. The gross margin decreased during the period by 0.3 percentage points, to 32.3%.

Operating profit before amortisation of intangible assets (EBITA) was SEK 175 million (116). The operating margin before amortisation of intangible asset (the EBITA margin) increased to 11.9% (10.1%).

The EBITA margin was positively affected during the quarter primarily by continued favourable organic growth, but also by completed acquisitions. Volume growth was achieved with a limited increase in overheads.

January–June 2007

Incoming orders during the period amounted to SEK 2,948 million (2,359), an increase of 25%. Of the increase, acquired companies accounted for 12 percentage points. Currency effects reduced the increase by 1 percentage point.

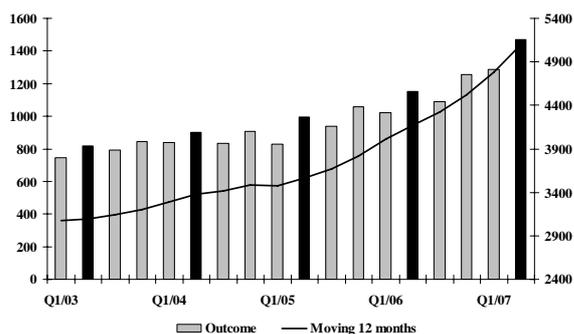
Net sales during the first six months of 2007 rose 27% to SEK 2,753 million (2,171). Of the increase, 11 percentage points were attributable to acquisitions. Currency effects reduced the increase by 1 percentage point. The gross margin was 32.6% (33.0%). Of the business areas, Flow Technologies had the strongest growth in net sales compared with the same period in 2006. Net sales for the business area rose 35%, mainly as a result of completed acquisitions, but also as a result of strong organic growth.

Operating profit before amortisation of intangible assets (EBITA) was SEK 314 million (203). The operating margin before amortisation of intangible assets (the EBITA margin) increased to 11.4% (9.4%). The improved EBITA margin is mainly due to the fact that net sales during the period grew more than overheads. Net financial items totalled SEK -14 million (-9), while tax on profit for the period is estimated at SEK -79 million (-52). Profit after tax rose 53% to SEK 203 million (133). The return on operating capital for the last 12 months increased to 37.2% (29.9%). Interest-bearing net debt increased by SEK 58 million to SEK 720 million (662), and the net debt/equity ratio was 75% (91%).

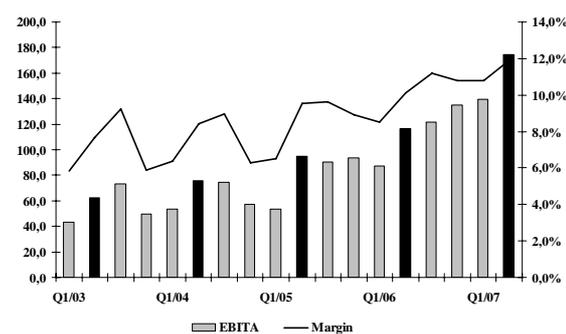
Financial development	2007	2006	2007	2006	Change	2006/2007	2006
SEK million	April-June	April-June	Jan.-June	Jan.-June	Jan.-June 07/06	July - June	Full year
Net sales	1,467	1,151	2,753	2,171	26.8%	5,098	4,516
Sales growth, %	27.5	15.7	26.8	19.1	7.7% ¹⁾	22.3	18.1
EBITA, SEK million	175	116	314	203	54.7%	571	460
EBITA margin, %	11.9	10.1	11.4	9.4	2.0% ¹⁾	11.2	10.2
Profit after financial items, SEK million	158	106	282	185	52.4%	513	416
Profit after tax, SEK million	114	76	203	133	52.6%	370	300
Earnings per share, SEK	2.85	1.91	5.08	3.33	52.6%	9.25	7.50
Return on operating capital %	37.2	29.9	37.2	29.9	7.3% ¹⁾	37.2	36.9
Net debt/equity ratio, %	75.3	90.9	75.3	90.9	-15.6%	75.3	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 23% during the first half of the year, to SEK 939 million (763). Of the increase, acquired companies accounted for 2 percentage points, currency movements for -1 percentage point, and organic growth for 22 percentage points. EBITA for the first two quarters was SEK 101 million (60), corresponding to an EBITA margin of 10.8% (7.9%).

The EBITA margin improved during the period by 2.9 percentage points, mainly due to the fact that volume growth was achieved with a limited increase in the business area's overheads.

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 totalled SEK 690 million (513) for the first half of the year, an increase of 35%, of which acquired companies accounted for 20 percentage points and currency movements for -1 percentage point. EBITA for the same period was SEK 66 million (40), and the EBITA margin reached 9.6% (7.8%). The improved EBITA margin is mainly associated with the higher volume, but it was reduced by a greater share of products and projects with lower margins.

The companies Axvalves, SAV-Danmark Trading and Sigurd Sørum 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 first half of the year, to SEK 470 million (395). Acquired companies accounted for 11 percentage points of the increase. EBITA for the period was SEK 53 million (41), corresponding to an EBITA margin of 11.3% (10.4%). The margin improvement can be credited primarily to growth in net sales, which was achieved with a limited rise in overheads.

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, electrical components, industrial springs and high pressure valves.

Net sales rose 30% during the first half of the year, to SEK 668 million (512). Of the increase, acquired companies accounted for 16 percentage points and currency movements for -1 percentage point. EBITA rose to SEK 115 million (79) during the period, and the EBITA margin was 17.2% (15.4%). The margin improvement can be credited primarily to the business area's volume growth during the period.

The company Carrab Industri was acquired during the first half of the year.

FINANCIAL POSITION

Shareholders' equity amounted to SEK 956 million (728), and the equity ratio was 33% (31%). During the second quarter, the dividend of SEK 150 million, which was approved by the Annual General Meeting, was paid out.

Cash and cash equivalents amounted to SEK 125 million (109). In addition, the company has SEK 199 million (158) in unutilised credit facilities. Interest-bearing net debt after deductions for cash and cash equivalents amounted to SEK 720 million (662). The net debt/equity ratio was 75% (91%) 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 77 million (29) and was affected by a higher 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 48 million (1).

CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) totalled SEK 29 million (28). Depreciation of tangible assets totalled SEK 29 million (26). Capital expenditures in company acquisitions amounted to SEK 104 million (128).

EMPLOYEES

The number of employees was 1,945 (1,691) at the end of the period. Approximately 180 employees have been added through acquired companies during the last twelve months.

ACQUISITIONS

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

Acquisitions completed

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
Total			317	143

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

Further information on completed company acquisitions can be found on page 9 of this interim report.

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 half of the year. The parent company's capital expenditures in non-current assets amounted to SEK 1 million (1). The number of employees on 30 June was 8 (8).

RISKS AND UNCERTAINTY FACTORS

The Indutrade Group operates 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.

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.

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".

The Board of Directors and President certify that this half-year interim report presents a fair overview of the Parent Company's and Group's operations, position and earnings, and describes the significant risks and uncertainty factors facing the Company and the companies belonging to the Group.

Stockholm, 2 August 2007

Bengt Kjell Chairman of the Board	Owe Andersson Director	Michael Bertorp Director	Gerald Engström Director
Eva Färnstrand Director	Curt Källströmer Director	Ulf Lundahl Director	Johnny Alvarsson President and CEO, director

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

Further information

For further information, please contact:

Johnny Alvarsson, President and CEO, phone +46-(0)8-703 03 00, or +46-(0)70 589 17 95.

Financial calendar

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

The year-end report for 2007 will be published on 14 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 in brief

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

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

The Group is structured into four business areas: Engineering & Equipment, Flow Technology, Industrial Components and Special Products. Indutrade is listed on the OMX Nordic Exchange in Stockholm.

INDUTRADE CONSOLIDATED INCOME STATEMENT

SEK million	2007	2006	2007	2006	2006/2007	2006
	April-June	April-June	Jan.-June	Jan.-June	July-June	Jan.-Dec.
Net sales	1,467	1,151	2,753	2,171	5,098	4,516
Cost of goods sold	-993	-776	-1,855	-1,454	-3,428	-3,027
Gross profit	474	375	898	717	1,670	1,489
Development costs	-6	-3	-10	-6	-19	-15
Selling costs	-242	-208	-466	-415	-886	-835
Administrative expenses	-62	-54	-125	-104	-226	-205
Other income and expenses	1	1	-1	2	-1	2
Operating profit	165	111	296	194	538	436
Net financial items	-7	-5	-14	-9	-25	-20
Profit after financial items	158	106	282	185	513	416
Tax	-44	-30	-79	-52	-143	-116
Net profit for the period attributable to equity holders of the parent	114	76	203	133	370	300
Amortisation of intangible assets	-10	-5	-18	-9	-33	-24
Depreciation of tangible assets	-15	-14	-29	-26	-57	-54
Operating profit before amortisation/impairment intangible assets (EBITA)	175	116	314	203	571	460
Earnings per share for the period 1)	2.85	1.91	5.08	3.33	9.25	7.50

1) 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	-	-	-	-	10	10
Exchange rate differences on foreign operations	-5	-7	11	-9	3	-17
Tax on items reported directly against equity	-	-	-	-	-5	-5
	-5	-7	11	-9	8	-12
Net profit for the period	114	76	203	133	370	300
Total reported revenues and expenses for the period	109	69	214	124	378	288

BUSINESS AREAS

SEK million	Net sales						EBITA					
	2007	2006	2007	2006	2006/2007	2006	2007	2006	2007	2006	2006/2007	2006
	April-June	April-June	Jan.-June	Jan.-June	July-June	Jan.-Dec.	April-June	April-June	Jan.-June	Jan.-June	July-June	Jan.-Dec.
Engineering & Equipment	496	413	939	763	1,752	1,576	53	35	101	60	187	146
Flow Technology	372	272	690	513	1,250	1,073	39	23	66	40	119	93
Industrial Components	245	206	470	395	873	798	27	23	53	41	90	78
Special Products	361	267	668	512	1,250	1,094	65	42	115	79	215	179
Parent Company and Group items	-7	-7	-14	-12	-27	-25	-9	-7	-21	-17	-40	-36
Indutrade Group	1,467	1,151	2,753	2,171	5,098	4,516	175	116	314	203	571	460

KEY DATA

	2007	2007	2006	2006/2007	2006
	Jan.-June	Jan.-March	Jan.-June	July-June	Jan.-Dec.
Net sales, SEK million	2,753	1,286	2,171	5,098	4,516
Sales growth, %	26.8	26.1	19.1	22.3	18.2
EBITA, SEK million	314	139	203	571	460
EBITA margin, %	11.4	10.8	9.4	11.2	10.2
Operating capital, SEK million	1,676	1,534	1,390	1,676	1,365
Return on operating capital, % (12 mos)	37.2	37.1	29.9	37.2	36.9
Interest-bearing net debt, SEK million	720	537	662	720	473
Net debt/equity ratio, %	75.3	53.9	90.9	75.3	53.0
Equity ratio, %	32.5	36.6	31.3	32.5	37.4

KEY RATIOS PER SHARE ¹⁾

Earnings per share, SEK	5.08	2.23	3.33	9.25	7.50
Equity per share, SEK	23.90	24.93	18.20	23.90	22.30
Cash flow from operating activities per share, SEK	1.93	0.38	0.73	7.83	6.63

1) Based on 40,000,000 shares, which corresponds to the number of shares outstanding as per 30 June 2007.

INDUTRADE CONSOLIDATED BALANCE SHEET

	2007	2006	2006
SEK million	30 June	30 June	31 Dec.
Goodwill	296	258	265
Other intangible assets	268	167	183
Tangible assets	360	333	327
Financial assets	37	30	25
Inventories	845	663	719
Accounts receivable, trade	875	670	679
Other current assets	134	89	69
Cash and cash equivalents	125	109	119
Total assets	2,940	2,319	2,386
Equity	956	728	892
Non-current interest-bearing liabilities	460	394	356
Non-current noninterest-bearing liabilities	178	114	123
Current interest-bearing liabilities	385	377	236
Accounts payable, trade	470	333	398
Other current noninterest-bearing liabilities	491	373	381
Total equity and liabilities	2,940	2,319	2,386

CHANGE IN GROUP EQUITY

SEK million	2007	2006	2006
	Jan.-June	Jan.-June	Jan.-Dec.
Opening equity	892	714	714
Dividend	-150 ¹⁾	-110 ¹⁾	-110 ¹⁾
Actuarial pension effects	-	-	10
Tax effect on actuarial pension effects	-	-	-5
Translation differences	11	-9	-17
Net profit for the period	203	133	300
Closing equity	956	728	892
The number of shares at the end of the reporting period and average number of shares	40,000	40,000	40,000

1) SEK 3.75 (2.75) per share.

INDUTRADE CONSOLIDATED CASH FLOW STATEMENT

SEK million	2007	2006	2006/2007	2006
	Jan.-June	Jan.-June	July-June	Jan.-Dec.
Cash flow from operating activities before change in working capital	246	147	468	369
Change in working capital	-169	-118	-155	-104
Cash flow from operating activities	77	29	313	265
Net capital expenditures in non-current assets	-29	-28	-58	-57
Company acquisitions and divestments	-104	-128	-133	-157
Change in other financial assets	-	7	-7	-
Cash flow from investing activities	-133	-149	-198	-214
Net borrowings	210	224	51	65
Dividend, Group contributions and shareholder contribution paid out	-150	-110	-150	-110
Cash flow from financing activities	60	114	-99	-45
Cash flow for the period	4	-6	16	6
Cash and cash equivalents at start of period	119	117	109	117
Exchange rate differences	2	-2	0	-4
Cash and cash equivalents at end of period	125	109	125	119

ACQUISITIONS

Acquisitions during the first half of 2007

All of the shares have been acquired in ES Hydagent AB, Axelvalves AB, SAV-Danmark Trading A/S and Sigurd Sørum AS. 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 segments, 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. ES Hydagent is consolidated as from 1 January 2007, while Axelvalves and SAV-Danmark Trading are consolidated as from 1 February 2007, and Sigurd Sørum from 1 April. The companies are included in the Flow Technology business area.

In May, all of the shares were acquired in Carrab Industri AB and AluFlex System AB. Carrab, with annual sales of SEK 26 million, manufactures stamped sheet metal parts and industrial springs and is included in the Special Products business area. AluFlex sells comprehensive building kit systems based on aluminium profiles, and conveyor and linear systems. Annual sales amount to SEK 70 million. AluFlex is included in the Industrial Components business area.

Acquired assets in ES Hydagent AB, Axelvalves AB and SAV-Danmark Trading A/S, Sigurd Sørum AS, Carrab Industri AB and AluFlex System AB.

Preliminary acquisition calculation

SEK			
<hr/>			
Purchase price, incl. earn-out payment			
<hr/>			
	Book value	Market value adjustment	Market value
Acquired assets			
Goodwill	-	26	26
Agencies, trademarks, customer lists, licences, etc.	1	95	96
Tangible assets	22	10	32
Financial assets	5	-	5
Inventories	56	-	56
Other current assets	63	-	63
Cash and cash equivalents	26	-	26
Deferred tax liability	-2	-29	-31
Interest-bearing loans	-31	-	-31
Other operating liabilities	-88	-	-88
	52	102	154
<hr/>			
Cash flow impact			
<hr/>			
Purchase price, excl. earn-out payment		114	
Cash and cash equivalents in acquired companies		-26	
Earn-out payments pertaining to previous years' acquisitions		16	
		104	

Effect of completed acquisitions

SEK million		Net sales		EBITA	
Company	Business area	April- June	Jan.- June	April- June	Jan.- June
Gedvelop AB, Spinova AB, Damalini AB and Carrab Industri AB ES Hydagent AB, Axelvalves AB, SAV-Danmark Trading A/S and Sigurd Sørum AS	Special Products	39	81	7	13
Tribotec AB and AluFlex System AB	Flow Technology	67	101	8	12
PRP Plastic Oy	Industrial Components	25	44	4	7
	Engineering & Equipment	5	14	0	2
Effect on Group		136	240	19	34
Acquisitions completed in 2006		52	122	8	19
Acquisitions completed in 2007		84	118	11	15
Effect on Group		136	240	19	34

If the acquired units had been consolidated as from 1 January 2007, net sales would have amounted to SEK 1,502 million for the period April through June and SEK 2,814 million for the first half of the year. EBITA would have amounted to SEK 178 million for the period April through June and SEK 320 million for the period January through June.

PARENT COMPANY INCOME STATEMENT

SEK million	2007 April-June	2006 April-June	2007 Jan.-June	2006 Jan.-June	2006/2007 July-June	2006 Jan.-Dec.
Net sales	0	0	0	0	1	1
Gross profit	0	0	0	0	1	1
Administrative expenses	-11	-11	-21	-18	-38	-35
Other income and expenses	0	0	0	0	-1	-1
Operating profit	-11	-11	-21	-18	-38	-35
Net financial items	1	-	-1	-1		-1
Profit from participations in Group companies	149	0	149	111	331	293
Profit after financial items	139	-11	127	92	293	257
Appropriations	-					
Tax	3	3	6	5	-40	-41
Net profit for the period	142	-8	133	97	253	216
Depreciation of tangible assets	0	0	0	0	-1	-1

PARENT COMPANY BALANCE SHEET

SEK million	2007 30 June	2006 30 June	2006 31 Dec.
Tangible assets	2	3	2
Financial assets	835	681	773
Current receivables	390	392	371
Cash and cash equivalents	5	6	15
Total assets	1,232	1,082	1,161
Equity	558	456	575
Non-current interest-bearing liabilities	287	248	284
Non-current noninterest-bearing liabilities and provisions	25	21	34
Current interest-bearing liabilities	351	347	217
Current noninterest-bearing liabilities	11	10	51
Total equity and liabilities	1,232	1,082	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
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