

Board of Directors' Report

Registered number SE 556043-4200

The Board of Directors and President of AB Industrivärden (publ) herewith submit their annual report and consolidated financial statements for the 2007 fiscal year, the company's sixty-third year of operation. The following income statements, balance sheets, statement of changes in shareholders' equity, statements of cash flows and notes to the financial statements form an integral part of this annual report and have been audited by the Company's auditors.

Operations

Industrivärden is one of the Nordic region's leading holding companies, taking an active ownership role in a concentrated selection of listed Nordic companies with good development potential. The goal is to generate high growth in net asset value over time.

Net Asset Value

During the year, net asset value fell from SEK 58.5 billion, or SEK 151 per share, to SEK 54.8 billion, or SEK 142 per share. Taking into account reinvested dividends, net asset value decreased by 3%. The components making up net asset value are shown below:

	SEK billion		SEK per share	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Equities portfolio	65.8	63.3	170	164
Net debt	-11.0	-4.8	-28	-13
Net asset value	54.8	58.5	142	151

Equities Portfolio

The market value of the equities portfolio at year-end was SEK 65,844 M (63,325), an increase of 4% (21%). The market value exceeded cost by SEK 36,260 M (41,370). Purchases of stocks during the year totaled SEK 8,834 M (3,193), and sales totaled SEK 2,124 M (2,072). Thus stocks were bought for a net amount of SEK 6,710 M (1,121).

Taking into account purchases and sales, the value of the portfolio fell by 6% (increase of 19%) during the year. The stock market index (OMXSPI) fell by 6% (increase of 24%) during the same period.

During the year, stock splits were carried out by Munters (3:1), SCA (3:1) and Volvo (5:1). Industrivärden's shareholding in Munters thereby increased by 7,300,000 shares to 10,950,000 shares, its holding of SCA A shares increased by 32,000,000 shares to 48,000,000 shares, its holding of SCA B shares increased by 15,200,000 shares to 22,800,000 shares, and its holding of Volvo A shares increased by 15,060,600 shares to 18,825,750 shares.

Redemption shares with automatic redemption were issued by

Munters, Sandvik and Volvo. The total amount received through these redemptions was SEK 571 M.

SSAB carried out a rights issue, whereby four shares carried entitlement to subscribe for one new share. Industrivärden issued a guarantee to subscribe for SEK 1.6 billion in shares in SSAB's rights issue, which corresponded to its own shareholding. Industrivärden subscribed for its allotment, corresponding to 10,697,302 Class A shares and 17,500 Class B shares, in addition to purchasing 2,943,732 Class A shares and 34,294 Class B shares, of which 2,750,000 with the support of acquired subscription rights. In total, shares and subscription rights worth SEK 2,275 M were purchased.

Equity Transactions During the Year

	No. of shares	SEK M
Purchases		
Volvo A	31,366,650	4,216
SSAB A	16,368,434	2,792
Sandvik	6,431,200	768
Handelsbanken A	1,335,000	282
Other		776
Total		8,834
Sales		
Tandberg Television ¹	5,963,150	728
Sandvik redemption shares	134,700,000	404
SSAB A	1,771,400	303
Handelsbanken A	1,050,000	213
Other		476
Total		2,124

1) The entire shareholding.

Short-Term Derivative and Equity Trading

Nordinvest AB conducts short-term equity trading. During the year purchases of listed stocks totaled SEK 3,598 M (1,725) and sales totaled SEK 3,697 M (1,817). Stocks were thus sold for a net total of SEK 99 M (92). Income after net financial items was SEK 16 M (64). Including earnings from the Parent Company's short-term derivative transactions, totaling SEK 126 M (109), total income from short-term derivative transactions and equity trading amounted to SEK 142 M (173).

Net Debt

At year-end 2007 net debt amounted to SEK 11,007 M (4,814), including SEK 10,951 M in interest-bearing net debt (4,543), corresponding to a net debt-equity ratio of 16.6% (7.2%). Interest-bearing net debt increased by SEK 6,408 M, mainly as a result of net purchases of stocks totaling SEK 6,710 M.

Group

Consolidated operating income amounted to SEK -1,813 M (11,858), including SEK 2,107 M (1,733) in dividend income, SEK -3,975 M (10,037) in change in value of stocks, SEK 142 M (173) from short-term derivative transactions and equity trading, SEK -86 M (-81) in management costs, and SEK -1 M (-4) in other income and expenses. After SEK -289 M (-187) in net financial items, income totaled SEK -2,102 M (11,671). After tax of SEK 160 M (-73) and income after tax from discontinued operations, totaling SEK - M (23), net income for the year was SEK -1,942 M (11,621).

The Group's capital expenditures in property, plant and equipment amounted to SEK 1 M (3), and scheduled depreciation totaled SEK 2 M (4).

Parent Company

The Parent Company's operating income totaled SEK -1,272 M (6,533), including SEK 2,107 M (1,733) in dividend income, SEK -3,463 M (4,667) in change in the value of stocks, SEK 126 M (109) from short-term derivative transactions, management costs of SEK -86 M (-81) and SEK 44 M (105) in other income and expenses. In calculating the change in the value of stocks for the Parent Company, the associated companies Indutrade, SCA, Skanska and SSAB are carried at cost, while in the Group they are stated at market value, in accordance with International Financial Reporting Standards (IFRS). After net financial items of SEK -276 M (-190) and taxes totaling SEK 165 M (-51), net income for the year was SEK -1,383 M (6,292).

Ruling by the Supreme Administrative Court

In a ruling handed down in 2007, the Supreme Administrative Court ruled in favor of Industrivärden's appeal of the Administrative Court of Appeal's ruling in 2004 on the questioned right to deduction for interest paid in holding companies owned by and subsequently merged with Industrivärden. As a result of the Supreme Administrative Court's favorable ruling, a provision of SEK 165 M for the potential tax liability plus SEK 54 M in back interest could be dissolved.

Risks and Uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a decrease in value caused by changes in share prices. A 1% change in the share price of the holdings in the equities portfolio as per December 31, 2007, would have affected the market value by approximately +/- SEK 650 M. A detailed description of the risks associated with Industrivärden's business is provided on pages 62-63.

Employees

The average number of employees in the Group was 22 (22 persons excluding discontinued operations). The average number of employ-

ees in the Parent Company was 20 (20). A breakdown of the number of employees, and information on wages, salaries, other remuneration and social security costs for the Board, the CEO, and other employees, is provided in Notes 7 and 8. A description of Industrivärden's organization and employee structure is provided on page 15.

Shares and Shareholders

Information on Industrivärden's shares and shareholders is provided in the Industrivärden Share Data section on pages 8-10.

Proposed Guidelines for the Compensation of Executives

Compensation paid to the CEO and other members of the executive management shall consist of base salary, a variable salary component, other benefits and pension. The total compensation should be in line with the going rate in the market and competitive, and shall be commensurate with the executive's responsibilities and authority. The variable salary component consists of a short-term variable salary (yearly) and a long-term variable salary. The variable salary component shall be maximized to and never exceed the base salary. The short-term variable salary component is based on the outcome in relation to set targets and on individual performance. The long-term variable salary is based on incentive programs that are linked to the long-term performance of the Company's stock. None of the variable components are pensionable. Upon termination of an executive's employment contract by the Company, a two-year term of notice applies. There should not be any severance pay. Pension benefits shall be either defined-benefit or defined-contribution, or a combination of both, and give the members of the executive management the right to retire from 60 years of age, depending on their position. The Board may depart from these guidelines if there are special reasons for doing so in individual cases.

Proposed Dividend

The Board of Directors proposes a dividend of SEK 5.00 (4.50) per share. The proposed dividend corresponds to 5% of the Parent Company's shareholders' equity and 4% of the Group's shareholders' equity. Of shareholders' equity, 55%, or SEK 22.0 billion in the Parent Company, and 66%, or SEK 36.3 billion in the Group, is attributable to the fair valuation of assets and liabilities. Industrivärden's dividend policy is to offer the shareholders a dividend yield that is higher than the average for the Stockholm Stock Exchange. In the Board's judgment, the proposed dividend is well balanced in view of the objectives, scope and risk of operations, as well as with respect to the Company's ability to meet its future obligations. According to the proposal, the total dividend payout amounts to SEK 1,931 M (1,738), entailing that the Group's equity ratio as per December 31, 2007, all else unchanged, would decrease by 3 percentage points, to 80%. Industrivärden has substantial liquidity scope in the form of market-listed equities.

Proposed Distribution of Earnings

According to the Group Balance Sheet, retained earnings for the year amount to SEK 52,801 M, of which SEK -1,942 M pertains to net income for the year.

The following earnings of the Parent Company are at the disposal of the Annual General Meeting:

Retained earnings according to decision by 2007 AGM	SEK 39,430 M
Net loss for the year	SEK -1,383 M
	SEK 38,047 M

The Board of Directors and President propose that the earnings be disposed of as follows:

To shareholders, a dividend of SEK 5.00 per share totaling	SEK 1,931 M
To be carried forward	SEK 36,116 M
	SEK 38,047 M

The Board of Directors and President declare that the Annual Report has been prepared in accordance with generally accepted accounting principles, that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of July 19, 2002, on application of international financial reporting standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Administration Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Group's and Parent Company's earnings and position in general are shown in the following income statements, balance sheets, statement of changes in shareholders' equity, statements of cash flows and notes to the financial statements.

Final adoption of the Annual Report will take place at the Annual General Meeting on April 15, 2008.

Stockholm, February 13, 2008

Tom Hedelius
Chairman

Sverker Martin-Löf
Vice Chairman

Boel Flodgren
Director

Lars O Grönstedt
Director

Finn Johnsson
Director

Fredrik Lundberg
Director

Lennart Nilsson
Director

Anders Nyrén
President and CEO, Director

Our Audit Report was submitted on February 22, 2008

Öhrlings PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant

Group and Parent Company Income Statements

SEK M	Note	Group		Parent Company	
		2007	2006	2007	2006
Dividend income from stocks	1	2,107	1,733	2,107	1,733
Change in value of stocks	2	-3,975	10,037	-3,463	4,667
Short-term derivative transactions and equity trading	3	142	173	126	109
Management costs	4	-86	-81	-86	-81
Other income and expenses	5	-1	-4	44	105
Operating income	7-9	-1,813	11,858	-1,272	6,533
Financial income	6	25	18	27	19
Financial expenses	6	-314	-205	-303	-209
Income after financial items		-2,102	11,671	-1,548	6,343
Tax	10	160	-73	165	-51
Income for the year for continuing operations		-1,942	11,598	-1,383	6,292
Income for the year from discontinued operations	11	-	23	-	-
Net income for the year		-1,942	11,621	-1,383	6,292
Earnings per share, SEK¹		-5.03	30.09	-3.58	16.29

1) Net earnings for the year divided by 386,271,224 shares. There is no dilutive effect.

Comments on the Group Income Statement

Operating Income

Dividend income from stocks totaled SEK 2,107 M (1,733), an increase of 22% (36%). All of the portfolio companies raised their dividends. The redemption programs at Munters, Sandvik and Volvo, entailing the automatic sale of redemption shares, generated additional income of SEK 571 M, which is included in Change of value in stocks.

The change in the value of stocks, which includes the change in value since the start of the year of stocks held for the entire year as well as stocks purchased or sold during the year, amounted to SEK -3,975 M (10,037). The largest changes in value pertained to Sandvik, by SEK 1,879 M (3,315), SSAB, by SEK 644 M (2,775), Volvo, by SEK -635 M (290), and Ericsson, by SEK -4,668 M (48).

Short-term derivative transactions by the Parent Company amounted to SEK 126 M (109), and short-term equity trading by Nordinvest amounted to SEK 16 M (64), for a combined total of SEK 142 M (173), which amply covered the Company's management costs of SEK -86 M (-81), corresponding to 0.13% (0.13%) of the market value of the equities portfolio.

Operating income was thus SEK -1,813 M (11,858), including SEK -1 M (-4) in other income and expenses.

Net Financial Items and Tax

Net financial items amounted to SEK -314 M (-187), of which SEK 54 M pertains to the dissolution of calculated back interest as the result of the favorable ruling by the Supreme Administrative

Court, which is described below. Interest-bearing net debt increased by SEK 6,408 M, to SEK 10,951 M (4,543), mainly as a result of net purchases of stocks, totaling SEK 6,710 M (1,121).

Income after financial items totaled SEK -2,102 M (11,671).

The Group's tax was SEK 160 M (-73), of which SEK 165 M pertained to a dissolution of a provision for a tax liability resulting from a ruling by the Supreme Administrative Court in 2007, which upheld Industrivärden's appeal in 2004 of a ruling made by the Administrative Court of Appeal. The case pertained to the questioned right to deduction for interest paid during the fiscal years 1995-1998 in holding companies owned by and subsequently merged with Industrivärden. As in preceding years, no tax is paid on the Parent Company's income for the year. Dividends rendered are deductible for holding companies. After deducting the proposed dividend of SEK 5.00 (4.50) per share - recalculated for the 2:1 stock split - a tax loss of SEK -197 M (-206) arose in the Parent Company. The accumulated tax loss carryforward thereby amounts to SEK -655 M (-458).

Comments on the Parent Company Income Statement

The change in the value of stocks amounted to SEK -3,463 M (4,667). In calculating the change in the value of stocks for the Parent Company, the associated companies Indutrade, SCA, Skanska and SSAB are carried at cost in accordance with the Swedish Annual Accounts Act, while in the Group they are stated at market value, in accordance with International Financial Reporting Standards (IFRS).

Group and Parent Company Balance Sheets

SEK M	Note	Group		Parent Company	
		Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
ASSETS					
Non-current assets					
Property, plant and equipment	12	24	87	–	–
Equities	13, 16	65,844	63,030	41,719	41,244
Shares in associated companies	14, 16	–	–	9,695	6,843
Shares in subsidiaries	15, 16	–	–	97	140
Long-term receivables	10, 17	66	1	65	–
Total non-current assets		65,934	63,118	51,576	48,227
Current assets					
Receivables from subsidiaries		–	–	60	175
Prepaid expenses and accrued income	18	19	10	18	10
Other current receivables		10	23	9	14
Short-term equity investments	19	73	114	–	–
Cash and cash equivalents	20	257	738	254	738
Assets in discontinued operation	11	–	708	–	–
Total current assets		359	1,593	341	937
TOTAL ASSETS		66,293	64,711	51,917	49,164

Group and Parent Company Balance Sheets

SEK M	Note	Group		Parent Company	
		Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity (see page 58)					
Capital stock		966	966	966	966
Other capital contribution/Statutory reserve		1,062	1,062	1,062	1,062
Reserves/Fair value reserve		8	-18	8	-
Retained earnings		54,743	44,860	39,430	34,876
Net income for the year		-1,942	11,621	-1,383	6,292
Total shareholders' equity		54,837	58,491	40,083	43,196
Non-current liabilities					
Liabilities to subsidiaries		-	-	1	1
Non-current interest-bearing liabilities	12, 21-23, 27	9,857	2,778	9,855	2,775
Non-current noninterest bearing liabilities	10, 24	18	32	-	-
Total non-current liabilities		9,875	2,810	9,856	2,776
Current liabilities					
Liabilities to subsidiaries		-	-	409	292
Current interest-bearing liabilities	12, 25	1,416	2,505	1,416	2,504
Accounts payable, trade		4	5	3	4
Tax liabilities	10	1	193	-	174
Accrued expenses and deferred income	26	142	204	133	195
Other current liabilities		18	23	17	23
Liabilities in discontinued operation	11	-	480	-	-
Total current liabilities		1,581	3,410	1,978	3,192
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		66,293	64,711	51,917	49,164
Contingent liabilities	27	0	0	3	3

Comments on the Group Balance Sheet

The item Equities pertains to the market value of the Group's holdings of listed stocks, totaling SEK 65,844 M (SEK 63,030 M, including SEK 52 M in other stocks). The market value exceeded cost by SEK 36,260 M (41,370). Net purchases of stocks during the year totaled SEK 6,710 M (1,121). Stock purchases totaled SEK 8,834 M (3,193), of which Volvo A accounted for SEK 4,216 M and SSAB A for SEK 2,792 M, whereby in SSAB's rights issue, stocks and subscription rights were purchased for a total of SEK 2,275 M. Sales of stocks totaled SEK 2,124 M (2,072), of which Tandberg ASA accounted for SEK 728 M.

The market value of the equities portfolio, taking purchases and sales into account, decreased by 6% (increase of 19%), compared with -6% (increase of 24%) for the market index.

Shareholders' equity decreased by SEK 3,654 M, to SEK 54,837 M (58,491), and thereby amounted to SEK 142 per share (151), which corresponds to net asset value. The change pertains primarily to net income for the year, totaling SEK -1,942 M (11,621) and the dividend payout for 2006, totaling SEK -1,738 M (-1,352), corresponding to SEK 4.50 per share (3.50).

Interest-bearing liabilities, including interest-bearing pension provisions, increased by SEK 5,990 M to SEK 11,273 M (5,283). Cash and cash equivalents amounted to SEK 257 M (738), and interest-bearing receivables totaled SEK 65 M (2), for a total of SEK 322 M (740). Interest-bearing net debt was thus SEK 10,951 M (4,543).

Group and Parent Company Statements of Cash Flows

SEK M	Group		Parent Company	
	2007	2006	2007	2006
OPERATING ACTIVITIES				
Dividend income from stocks	2,107	1,733	2,107	1,733
Cash flow from short-term derivative and equity trading	241	238	125	160
Management costs paid	-82	-80	-82	-80
Other items affecting cash flow	-2	6	-1	0
Operating cash flow before financial items and tax	2,264	1,897	2,149	1,813
Interest received	31	18	24	20
Interest paid	-337	-195	-335	-199
Other financial items	-9	-7	-9	-6
Tax paid	-23	-56	-8	-42
CASH FLOW FROM OPERATING ACTIVITIES	1,926	1,657	1,821	1,586
INVESTING ACTIVITIES				
Purchases of listed stocks	-8,834	-3,193	-8,834	-3,193
Sales of listed stocks	1,924	2,072	1,924	2,072
Sales of subsidiaries ¹	313	-	225	-
Net purchase/sale of other non-current assets	-1	-2	-	-
CASH FLOW FROM INVESTING ACTIVITIES	-6,598	-1,123	-6,685	-1,121
FINANCING ACTIVITIES				
Loans raised and amortization of debt	5,929	299	5,929	299
Change in financing of subsidiaries	-	-	189	69
Dividends paid	-1,738	-1,352	-1,738	-1,352
CASH FLOW FROM FINANCING ACTIVITIES	4,191	-1,053	4,380	-984
CASH FLOW FROM DISCONTINUED OPERATIONS	-	5	-	-
NET CASH FLOW FOR THE YEAR	-481	-514	-484	-519
Cash and cash equivalents at beginning of year	738	1,307	738	1,257
Less: Cash and cash equivalents in discontinued operations	-	-54	-	-
Exchange rate difference in cash and cash equivalents	-	-1	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	257	738	254	738
1) Value of divested assets and liabilities in sold subsidiaries				
SEK M	2007	2006		
Non-current assets	283	-		
Current assets	489	-		
Non-current liabilities	-173	-		
Current liabilities	-323	-		
Capital gains	102	-		
Total purchase price	378	-		
Portion of purchase price not paid out	-65	-		
Cash flow attributable to sales of subsidiaries	313	-		

Comments on the Statements of Cash Flows

The Group's statement of cash flows is prepared in accordance with the direct method, which only takes into account transactions that entail incoming or outgoing payments. The statement of cash flows is broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

Operating Activities

Cash flow from operating activities pertains to dividends received, totaling SEK 2,107 M (1,733), in addition to cash flow from short-term equity trading by Nordinvest and derivative transactions conducted by the Parent Company, together totaling SEK 241 M (238). Added to this are SEK -82 M (-80) in management costs paid and other items affecting cash flow totaling SEK -2 M (6). Cash flow from operating activities before financial items was thus SEK 2,264 M (1,897). Added to cash flow computed in this manner is interest received, totaling SEK 31 M (18), interest paid out, totaling SEK -337 M (-195), payment of other financial items, totaling SEK -9 M (-7), and tax paid, totaling SEK -23 M (-50). After factoring in these figures, total cash flow from operating activities was SEK 1,926 M (1,657).

Investing Activities

Cash flow from investing activities pertains to purchases of listed stocks by the Parent Company, totaling SEK -8,834 M (-3,193), sales of listed stocks, totaling SEK 1,924 M (2,072), and sales of subsidiaries, totaling SEK 313 M (-).

The net sum of purchases and sales of other non-current assets pertains mainly to machinery and equipment, totaling SEK -1 M (-2). Total cash flow from investing activities was thus SEK -6,598 M (-1,123).

Financing Activities

Financing activities pertain to changes in receivables, totaling SEK 63 M (4), loans raised, totaling SEK 8,449 M (1,404) and amortization of debt, totaling SEK -2,457 M (-1,109), for a net total of SEK 5,929 M (299), and dividends paid, totaling SEK -1,738 M (-1,352).

Cash flow from financing activities was thus SEK 4,191 M (-1,053).

Cash Flow, Cash and Cash Equivalents

The net of the various cash flow items was SEK -481 M (-514). Cash and cash equivalents were also affected by cash and cash equivalents in discontinued operations, totaling SEK -M (-54) and by an exchange rate difference of SEK -M (-1), and thus cash and cash equivalents decreased during the year by SEK 481 M to SEK 257 M (738).

Group and Parent Company Shareholders' Equity

Changes in shareholders' equity, SEK M

Group	Capital stock ¹	Other capital contribution	Reserves ²	Retained earnings	Net income for the year	Total shareholders' equity
Shareholders' equity as per adopted balance sheet at December 31, 2005	966	1,062	-13	32,010	14,202	48,227
Translation differences	-	-	-5	-	-	-5
Total transactions reported in shareholders' equity	-	-	-5	-	-	-5
Transfer of previous year's net income	-	-	-	14,202	-14,202	-
Net income for the year	-	-	-	-	11,621	11,621
Total reported income and expenses	-	-	-	14,202	-2,581	11,621
Dividend to shareholders	-	-	-	-1,352	-	-1,352
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2006	966	1,062	-18	44,860	11,621	58,491
Translation differences	-	-	18	-	-	18
Change in hedging reserve	-	-	8	-	-	8
Total transactions reported in shareholders' equity	-	-	26	-	-	26
Transfer of previous year's net income	-	-	-	11,621	-11,621	-
Net income for the year	-	-	-	-	-1,942	-1,942
Total reported income and expenses	-	-	-	11,621	-13,563	-1,942
Dividend to shareholders	-	-	-	-1,738	-	-1,738
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2007	966	1,062	8	54,743	-1,942	54,837

Parent Company	Capital stock ¹	Statutory reserve	Fair value reserve	Retained earnings	Net income for the year	Total shareholders' equity
Shareholders' equity as per adopted balance sheet at December 31, 2005	966	1,062	-	25,861	10,367	38,256
Transfer of previous year's net income	-	-	-	10,367	-10,367	-
Net income for the year	-	-	-	-	6,292	6,292
Dividend to shareholders	-	-	-	-1,352	-	-1,352
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2006	966	1,062	-	34,876	6,292	43,196
Change in hedging reserve	-	-	8	-	-	8
Transfer of previous year's net income	-	-	-	6,292	-6,292	-
Net income for the year	-	-	-	-	-1,383	-1,383
Dividend to shareholders	-	-	-	-1,738	-	-1,738
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2007	966	1,062	8	39,430	-1,383	40,083

1) The capital stock as per December 31, 2006, consisted of 193,135,612 shares, of which 134,273,702 were Class A shares and 58,861,910 were Class C shares. After the 2:1 split in 2007, the capital stock as per December 31, 2007, consisted of 386,271,224 shares, of which 268,547,404 were Class A shares and 117,723,820 were Class C shares. The share quota value is SEK 2.50. See also the section Industrivärden Share Data, pages 8–10.

2) The amount as per December 31, 2007, pertains to the market valuation of interest rate swaps used to hedge cash flows. Translation differences in the Group as per December 31, 2006, have been dissolved, since the subsidiary Isaberg Rapid has been sold (see Note 11).

Accounting Principles

Applied rules

The consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Swedish Annual Accounts Act. However, the Annual Accounts Act requires certain complementary disclosures regarding the consolidated financial statements which are regulated by Swedish Financial Accounting Standards Council (SFASC) recommendation RR 30:05 Supplementary Accounting Regulations for Groups.

The Annual Report for the Parent Company, AB Industrivärden, has been prepared in conformity with the Swedish Annual Accounts Act and takes into account the pronouncements issued by the Emerging Issues Task Force of the SFASC and conforms to SFASC recommendation RR 32:06 Accounting for Legal Entities. This means that as a main rule, International Financial Reporting Standards (IFRS/IAS – see below) are used for the Parent Company as far as possible, but that certain exceptions are made which stem primarily from the Annual Accounts Act.

Basis of accounting

Group

Industrivärden applies the cost method in valuing assets and liabilities. Financial assets and derivatives have been stated at fair value. Changes in value are recognised in the income statement. For Industrivärden, preparing the financial statements at fair value in accordance with IFRS entails valuation using known market quotations and is not dependent on the estimations made by company management.

The reporting standard IAS 39 Financial Instruments: Recognition and Measurement stipulates – among other things – that in the consolidated financial statements, most financial instruments are to be measured at market value as per the balance sheet date. Listed equities are carried at their current share price as per the balance sheet date, and equity derivatives are stated at their current market value.

Upon adoption of IFRS, Industrivärden has elected at the Group level to report changes in the market value of all listed shareholdings and equity derivatives in the income statement. In accordance with IAS 28 point 1, holdings in listed associated companies are also reported in the same way. Consequently, associated companies are not reported in accordance with the equity method, but in a manner that is more fair for a holding company.

According to IAS 39, shares in subsidiaries may not be measured at fair value. As previously, subsidiaries are consolidated in the consolidated financial statements according to the purchase method.

Reporting of changes in the market value of listed equities in the income statement entails that compatibility is achieved in large part in the financial statements with continuing changes in net asset value at the same time that shareholders' equity in the consolidated financial statements is in agreement with total reported net asset value.

The ongoing changes and interpretations of financial standards that have been introduced starting on January 1, 2007, have not had any effect on the Group's earnings and position.

Parent Company

Special rules for market (fair) valuation apply for the Parent Company, AB Industrivärden, since the Annual Accounts Act does not allow market valuation of associated companies and subsidiaries. This means that only listed holdings that are not associated companies will be measured at market value, and that their change in value will be reported on a continuing basis in the income statement. Listed associated companies and subsidiaries are thus carried at historical cost, which deviates from consolidated accounting according to IFRS, which is done at market value.

Principles of consolidation

The consolidated financial statements apply to the Parent Company and all companies in which the Parent Company directly or indirectly has a controlling influence. The consolidated balance sheet has been prepared according to the purchase method. This entails that the Parent Company's cost of shares in subsidiaries – by which is meant companies in which Industrivärden owns more than 50% of the votes – is eliminated against the subsidiaries' shareholders' equity at the time of acquisition. Thus only earnings that have arisen after the date of acquisition are included in the Group's shareholders' equity. Shareholders' equity in acquired subsidiaries is determined on the basis of a fair valuation of assets and liabilities at the time of acquisition. In cases where the cost of shares in subsidiaries exceeds the acquired shareholders' equity in accordance with the above, the difference is reported as goodwill in the balance sheet. Goodwill values are tested for impairment yearly. However, if the cost of shares in subsidiaries falls below the acquired shareholders' equity as per the above, the difference is reported directly in the income statement.

Subsidiaries that have been sold during the year are included in the consolidated financial statements up until the point at which the controlling influence ceases and are reported in accordance with IFRS 5. Companies that have been acquired during the year are included in the consolidated financial statements starting on the date of acquisition. Intra-Group transactions have been eliminated.

Applied accounting principles

Reporting currency and translation of foreign currency

In the consolidated financial statements, the Swedish krona is used as the Parent Company's functional and reporting currency. Transactions in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date. Foreign exchange gains and losses that arise upon payment of such transactions and when translating monetary assets and liabilities in foreign currency at the year-end exchange rate are reported in the income statement.

Recognition of income

Dividend income from stocks is recognized when it is received.

For stocks held at both the start and end of the year, the change in value consists of the difference in the market value between these dates. For stocks acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For stocks sold during the year, the change in value consists of the difference between the sales price received and the value of the stocks at the start of the year. All changes in value are reported in the income statement under the heading Change in value of stocks.

Interest income is recognized taking into account accrued interest on the balance sheet date.

Associate accounting

Associated companies are companies in which Industrivärden has a significant but not controlling influence, which as a rule concerns shareholdings in which the number of votes amounts to between 20% and 50%. Industrivärden's share of votes exceeds 20% in Indutrade, SCA, Skanska and SSAB. In the Group, shares in associated companies are carried at market value and in the Parent Company at cost. The capital gain or loss generated upon the sale of shares in associated companies is calculated accordingly.

Non-current assets

Property, plant and equipment are carried at cost less depreciation. No depreciation is made of land. Depreciation of other assets, in order to distribute the cost to the calculated residual value over the estimated useful life, is done on a linear scale of 50 years for buildings, 20 years for land improvements, and 5 years for equipment.

Employee stock options

An employee stock option program expired in February 2007, as shown in Note 8 on page 67. The expenses and income stemming from this employee stock option program affected earnings during the term of the program. At year-end 2007 there were no employee stock option programs in effect.

Income taxes

Reported income taxes include taxes for the current year, adjustments of previous years' taxes and changes in deferred taxes. Valuation of all tax liabilities and tax assets is done at nominal amounts in accordance with the applicable tax rules. Deferred tax is calculated on all temporary differences that arise between reported and tax values of assets and liabilities in the consolidated financial statements. Deferred tax assets pertaining to tax-loss carryforwards are reported to the extent that it is likely that the deduction can be offset against surpluses in future taxation.

Valuation of financial assets and liabilities

Financial assets and liabilities are valued in the following categories, namely, financial assets and liabilities carried at fair value in the income statement, and loan receivables and financial liabilities. The classification depends on the purpose for which the financial item was acquired.

Valuation of equities

Purchases and sales of stocks are reported as per the trade date. Listed stocks are carried in the consolidated financial statements at market value. By market value for listed stocks is meant the current market price.

Listed stocks held by the Parent Company are carried at market value, except for shares in associated companies, which are carried at cost in accordance with the stipulations of the Swedish Annual Accounts Act (see Associate accounting above).

Valuation of stock options issued

Industrivärden issues, on a regular basis, call and put options on the shares in its equities portfolio. Option premiums received are booked as a debt and are deducted from premiums paid upon repurchase. If an issued option expires without being exercised, the premium is recognized as income. Upon exercise of an issued option, the premium increases the exercise price upon the sale of the shares or reduces the exercise price upon the purchase of shares. On the balance sheet date, the market value of issued options is determined, and the difference between it and provisioned premiums is taken up in the income statement. The options are carried on the balance sheet as accrued income and accrued expenses, respectively.

Measurement of fair value of financial instruments

The fair value of Industrivärden's financial instruments is normally based on the market price on the balance sheet date of market-listed financial instruments, namely stocks and stock options.

Hedging of equity investments in foreign currency

Industrivärden hedges exchange rate movements for investments in foreign, listed stocks by taking out loans in the same currency corresponding to the invested amount. Changes in the exchange rate when translating the liability to Swedish kronor are reported in the income statement as Change in value of stocks.

Hedging of fixed exchange rates through cash flow hedges

To eliminate interest rate fluctuations and thus future uncertainties in interest payments, derivative instruments in the form of interest rate swaps are used to create a known cash flow. See also the section Interest rate risk on page 63 for a description of Industrivärden's interest rate swap agreements.

Derivative instruments that are used for this type of hedge accounting are reported in accordance with the technique for cash flow hedging. The fundamental requirement for hedge accounting is that the swap is effective in accordance with IAS 39, which entails that there must be a clear coupling to the hedged item. Further requirements are that the hedge effectively protects the hedged item, that hedge documentation is prepared, and that the effectiveness can be shown to be sufficiently high through continuous effectiveness measurement. Since these requirements are met, the interest coupon portion is reported as an interest expense, while other market value changes of the swap are reported directly against the hedging reserve in shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents include – in addition to cash and bank balances – short-term financial investments with remaining terms of less than three months.

Borrowings

Borrowings are carried initially at fair value and thereafter at amortized cost.

Leases

Finance leases are reported by the Group as property, plant and equipment, and as current and long-term interest-bearing liabilities. Operating leases are expensed on a linear basis over the leasing period.

Pensions

Pension liability refers to Industrivärden's defined benefit pension obligations – both FPG/PRI obligations and individual pension obligations – all calculated for the Group in accordance with IAS 19 with the assistance of an external actuary. Defined benefit pension plans insured with Alecta are reported as defined contribution plans since Alecta has not been able to provide necessary information. Industrivärden has elected at the Group level to utilize the so-called corridor in reporting actuarial gains and losses. The Parent Company adheres to the rules of the Pension obligations vesting act (“Lagen (1967:531) om tryggnad av pensionsutfästelse”) and FAR accounting standard no. 4, Reporting of pension liabilities and pension costs. See also Note 21, Pensions, on pages 73–74.

Segment reporting

No segment reporting has been prepared, since operations were streamlined in 2006 to entail exclusively equities management.

Financing and Financial Risk Management

Organization

The Parent Company's financing and management of financial risks are conducted in accordance with guidelines set by the Board of Directors. The Parent Company's finance function works primarily with financing and investment of surplus liquidity.

Financing

The Parent Company's financing is arranged through both short- and long-term borrowing. The financing facilities give Industrivärden the ability to act on attractive investment opportunities at short notice. Short-term borrowing consists of confirmed (committed) credit lines with banks and commercial paper programs. Long-term borrowing consists primarily of a Medium-Term Note (MTN) program and bank loans. In addition to this are confirmed bank facilities that can be used in 2008 for borrowing with a maximum term of five years, and a syndicated loan with a term extending through August 2012.

At the end of 2007 AB Industrivärden and the Group had confirmed credits corresponding to SEK 12.2 billion (4.6), of which SEK 5.8 billion (0.0) were utilized, and unconfirmed credits and market programs totaling SEK 10.0 billion (17.4), of which SEK 5.4 billion (5.2) were utilized. Borrowing increased in 2007, among other things as a result of net purchases of stocks, totaling SEK 6.4 billion.

A specification of non-current and current interest-bearing liabilities is shown in Notes 22 and 26 on page 75.

Financing as per December 31, 2007

Credit facilities	Amount, SEK M	Utilized amount, SEK M	Term
Bank loans	5,800	5,800	2009–2017
MTN program	8,000	4,000	2009–2012
Total long-term borrowing	13,800	9,800	
MTN-program		721	2008
Commercial paper	2,000	695	–
Bank overdraft facility	2,500	0	–
Total short-term borrowing	4,500	1,416	
Bank loans	2,000	–	2011–2013
Syndicated loan	1,894	–	2012
Total credit facilities	22,194	11,216	

Average interest rate

The average interest rate for AB Industrivärden's debt portfolio as per December 31, 2007, was 4.6% (3.5%).

Changes in the Group's interest-bearing net debt

SEK M	Dec. 31, 2007	Cash flow	Change in borrowing	Other changes	Dec. 31, 2006
Cash and cash equivalents	257	–481	–	–	738
Interest-bearing receivables	65	–	–	63	2
Non-current interest-bearing liabilities	9,857	–	7,079	–	2,778
Current interest-bearing liabilities	1,416	–	–1,089	–	2,505
Interest-bearing net debt	10,951	481	5,990	63	4,543

Liquidity analysis

Maturity structure for undiscounted, contracted interest-bearing receivables and liabilities and derivative instruments along with future interest payments accruing therewith:

SEK M	2008	2009–2012	After 2012	Total
Interest-bearing receivables	257	73	–	330
Interest-bearing liabilities	–1,893	–6,490	–5,260	–13,643
Derivative instruments	4	3	–	7
Total as per December 31, 2007	–1,632	–6,414	–5,260	–13,306
SEK M	2007	2008–2011	After 2011	Total
Interest-bearing receivables	738	–	–	738
Interest-bearing liabilities	–2,655	–2,973	–	–5,628
Derivative instruments	–	–5	–	–5
Total as per December 31, 2006	–1,917	–2,978	–	–4,895

Ratings

Industrivärden has been assigned international corporate credit ratings of A+/Stable/A–1 by Standard & Poor's, which has also assigned the commercial paper programs the highest credit ratings, K1 and A–1, respectively.

Financial risk management – general

The types of financial risks that the Industrivärden Group encounters in its business consist primarily of equities risk and – to a limited extent – other financial risks in the form of interest rate risk, liquidity risk and currency risk.

Industrivärden's operational risk is minimized by the use of highly refined internal routines for effective risk management that are designed to enable Industrivärden to conduct its operations with limited and controlled risk.

Equities risk

Equities risk pertains to share price risk, liquidity risk and counterparty risk. By share price risk is meant the risk of a decline in value caused by changes in prices in the stock market. This is the most dominant risk in Industrivärden's business.

Active ownership has a central role in Industrivärden's business concept and is aimed at working together with other owners to identify value-enhancing measures in the portfolio companies. Industrivärden's portfolio companies generally show historically good growth in value, which has entailed – among other things – that Industrivärden's total return has been higher than the average for the Stockholm Stock Exchange for long periods of time. Industrivärden's contribution to value creation should reduce the relative equities risk in the portfolio companies and thereby also in Industrivärden's portfolio. Moreover, the active ownership role provides a good understanding of the portfolio companies' operations, operating environment and continuing development.

By having a well balanced composition of different holdings in the equities portfolio, exposure to industry- or sector-related risks is reduced. The mix of various equities in the portfolio reduces volatility and contributes to a more stable return over time.

Industrivärden's equity investments are made within the parameters of the investment rules set by the Board of Directors. New investments, sales and reallocations are tested on a regular basis by a separate investment committee made up of the members of the executive management. Decisions are made based on analyses that are presented by the investment organization.

In addition to investments in listed stocks, Industrivärden also conducts transactions in standardized and non-standardized stock options. Derivative transactions are conducted in accordance with applicable investment rules for equities and equity-related instruments. In order to limit counterparty risk, derivative transactions may only be made with counterparties that are approved by Industrivärden.

The subsidiary Nordinvest conducts short-term equity trading within the framework of Industrivärden's strategy. The equities risk in this respect is minimized by a special set of investment rules with strict risk mandates and stop-loss rules.

Share price risk can be illustrated as such that a 1% change in the price of all listed shareholdings in Industrivärden's equities portfolio as per December 31, 2007, would have impacted net asset value by SEK +/-650 M.

Industrivärden's strategy of investing in large and midcap listed Nordic companies can involve holdings of foreign equities, which are affected by currency movements (currency risk). For investments in foreign, listed equities, hedges are taken out through lending in the foreign currency corresponding to the

invested amount. As per December 31, 2007, there were no investments in listed, foreign equities.

Equities risk also includes liquidity risk, which can arise, for example, for a stock that is difficult to sell. Industrivärden's equities portfolio consists mainly of listed stocks with good liquidity, and thus the liquidity risk is limited.

For additional information on Industrivärden's equities risk, see page 6.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market interest rates.

The financial instruments that are exposed to interest rate risk consist of loans with variable interest rates and any swap agreements with variable rates. Swap agreements may be used to limit interest expenses and to adjust maturities, under the condition that the risk in the instrument can be calculated in monetary terms.

At year-end 2007 there were four interest rate swap agreements in effect under which variable interest rates had been swapped against fixed interest rates. The interest rate swap agreements are matched exactly to the underlying loans with respect to amount, duration and interest payments, among other things. The agreements pertain to borrowings totaling SEK 1,700 M with durations of 2–3 years. At year-end 2007 the market value of the interest rate swap agreements was SEK 8 M, which is reported directly against shareholders' equity.

Assuming a hypothetical one percentage point increase in market interest rates, the effect for 2008 would be that the average interest rate in the debt portfolio would increase from approximately 4.6% (3.5%) to approximately 4.7% (3.7%), entailing an annual cost increase of roughly SEK 8 M. The reason why a one percentage point increase would not have a full impact on Industrivärden's interest expense is that most of the loans carry fixed rates of interest.

At year-end the average term of fixed interest rates for Industrivärden's net borrowings was 58 (16) months.

Industrivärden's interest rate risk and its effect on earnings is judged to be low.

Liquidity risk and refinancing risk

Liquidity risk is the risk of encountering difficulties in accessing liquid assets in order to meet obligations associated with financial instruments.

Industrivärden's liquidity risk is limited, since its assets consist mainly of liquid, listed equities. Moreover, in accordance with Industrivärden's finance policy, at any given time the Group has a minimum of SEK 3 billion in confirmed credit facilities at its disposal.

Refinancing risk is the risk that a company cannot obtain financing or that financing can only be obtained at a considerable cost. In the aim of minimizing refinancing risk, the loans' maturities are distributed evenly over time to lower the likelihood of a large portion of loans being refinanced at the same date. The average term of maturity in the loan portfolio on December 31, 2007, was 58 (20) months.

A breakdown of maturities per year is shown in Note 22 on page 75.

Industrivärden's liquidity risk and refinancing risk are judged to be low. With an equity ratio of 83% (90%), Industrivärden has great financial flexibility.

Currency risk

Currency risk is the risk that the value of a financial instrument will vary due to changes in exchange rates. The currency risk that can arise pertains to equities denominated in foreign currency (see above).

Industrivärden's currency risk and its effect on earnings is judged on the whole to be low.

Book-closing exchange rates

	Year-end rate		Average rate	
	2007	2006	2007	2006
EUR	9.47	9.05	9.25	9.27
GBP	12.89	13.48	13.53	13.61
USD	6.45	6.87	6.76	7.41
NOK	1.19	1.09	1.15	1.15
DKK	1.27	1.21	1.24	1.24

Counterparty risk

Counterparty risk is the risk of a party in a transaction with a financial instrument not being able to meet its commitments and thereby causing loss to the other party.

The Industrivärden Group is exposed to counterparty risks through financial commitments in the form of investments, derivative transactions, etc. Counterparty risk in financial commitments is limited by Industrivärden's finance policy, which prescribes that surplus liquidity is to be invested with counterparties with a very high creditworthiness based on Standard & Poor's rating, with limits on amount as well as maturity.

Industrivärden's financial agreements concerning transactions in equities, equity-related derivatives and other derivatives are evaluated quarterly and are made with several different credit-worthy and specially selected financial institutions with which Industrivärden has wide-ranging and long-term cooperation arrangements. The credit institutions shall have high ratings.

Routines set by Industrivärden prescribe high creditworthiness of counterparties with respect to investments, derivative transactions, etc., which is why counterparty risk is considered to be low.

Operational risks

Operational risk is the risk of incurring a loss due to defects in internal routines and systems. AB Industrivärden's risk management rests on a foundation of internal guidelines and rules, and of policies adopted by the Board of Directors. Important rules include investment rules, the finance policy, authorization instructions and other instructions. Legal reviews of contracts and commitments are performed on a regular basis. In addition, controls that govern and ensure responsibility and authorization in the day-to-day operations are performed on a regular basis. The subsidiaries have their own instructions that are based on the rules that apply for the Parent Company.

To strengthen internal control, Industrivärden's external auditors perform a limited review of all three interim reports.

The Group's insurance risks are managed in accordance with estimated insurance needs. The respective companies have insurance for various types of liability and property risks.

Matters pertaining to confidentiality and information security are of major importance for Industrivärden and are regulated by internal guidelines. An information policy issued by Industrivärden governs actions related to communication matters and ensures compliance with applicable rules. With respect to IT security, systems and routines are under continuous development.

An external review of IT security was performed in 2006, and security was judged to be good.

Insider rules

Industrivärden adheres to applicable insider rules and stipulations on public disclosure regarding shareholding transactions. In addition, Industrivärden has internal rules in place which prohibit employees from trading in shares in the companies in which Industrivärden has major shareholdings for 30 days prior to publication of interim reports and the year-end report, including the day of reporting. All employees of Industrivärden have reported their total holdings of financial instruments in the portfolio companies in an internal register.

Notes

Amounts in SEK M unless stated otherwise.

The Annual Report and consolidated financial statements were approved for issuance by the Board of Directors on February 13, 2008.

Note	Page		Note	Page	
1	65	Dividend income from stocks	15	72	Shares in subsidiaries
2	65	Change in value of stocks	16	72	Change in equities
3	66	Short-term derivative and equity trading	17	72	Non-current receivables
4	66	Management costs	18	72	Prepaid expenses and accrued income
5	66	Other income and expense	19	73	Short-term equity investments
6	66	Financial income and interest expenses	20	73	Cash and cash equivalents
7	66	Average number of employees	21	73	Pensions
8	66	Wages, salaries and other remuneration; social security costs	22	75	Non-current interest-bearing liabilities
9	68	Auditors' fees	23	75	Obligations to company directors and CEOs
10	69	Tax and specification of deferred tax assets and deferred tax liabilities	24	75	Non-current noninterest-bearing liabilities
11	70	Discontinued operations	25	75	Current interest-bearing liabilities
12	70	Property, plant and equipment	26	75	Accrued expenses and deferred income
13	71	Equities	27	75	Contingent liabilities
14	72	Shares in associated companies	28	75	Related-party transactions

Note 1 Dividend income from stocks

	2007	2006
Ericsson	188	170
Handelsbanken	547	469
Höganäs	22	20
Indutrade	55	41
Munters	25	19
Sandvik	438	351
SCA	283	260
Skanska	267	210
SSAB	193	126
Volvo	76	56
Other	13	11
Group and Parent Company	2,107	1,733

Note 2 Change in value of stocks

	Group ¹		Parent Company ²	
	2007	2006	2007	2006
Ericsson	-4,667	48	-4,667	48
Handelsbanken	-11	676	-11	676
Höganäs	-152	25	-152	25
Indutrade	-172	684	14	-
Munters	-244	342	-244	342
Sandvik	1,879	3,315	1,879	3,315
SCA	-269	1,553	19	86
Skanska	-436	458	-	67
SSAB	644	2,775	195	37
Tandberg Television ASA	217	-195	217	-195
Volvo	-635	290	-635	290
Other ³	-133	63	-82	-27
	-3,979	10,034	-3,467	4,664
Long-term derivative transactions ⁴	4	3	4	3
Total	-3,975	10,037	-3,463	4,667

- 1) For stocks held at both the start and end of the year, the change in value consists of the difference in the market value between these dates. For stocks acquired during the year, the change in value consists of the difference between the price paid and the market value at the end of the year. For stocks sold during the year, the change in value consists of the difference between the sales price received and the value of the stocks at the start of the year.
- 2) The Swedish Annual Accounts Act applies for the Parent Company, which entails that associated companies are stated at cost. Capital gains/losses on sales of shares in associated companies are reported accordingly.
- 3) Including SEK -37 M (35) in currency hedging for foreign shareholdings and SEK 102 M (-) in result of divested subsidiaries.
- 4) Incentive programs pertaining to call options issued to members of the executive management of Indutrade and SSAB, with remaining terms of up to three years.

Note 3 Short-term derivative and equity trading

	Group		Parent Company	
	2007	2006	2007	2006
Short-term equity derivative transactions	126	109	126	109
Short-term equity trading by Nordinvest	16	64	–	–
Total	142	173	126	109

Short-term equity derivative transactions pertain to issued call and put options based on the active holdings. The term is six months at the most.

Note 4 Management costs

	Group		Parent Company	
	2007	2006	2007	2006
Payroll costs	–50	–45	–50	–45
Exercised employee stock options including social security costs	–	–7	–	–7
Effect of swap agreements pertaining to employee stock options	–	7	–	7
Directors' fees including social security costs	–5	–5	–5	–5
Other ¹	–31	–31	–31	–31
Total	–86	–81	–86	–81

1) Costs for being listed on the stock exchange, for the Annual Report and interim reports, for computer and system support, and consulting costs.

Note 5 Other income and expenses

	Group		Parent Company	
	2007	2006	2007	2006
Repayment of shareholder contribution	–	–	46	110
Other	–1	–4	–2	–5
Total	–1	–4	44	105

Note 6 Financial income and interest expenses

	Group		Parent Company	
	2007	2006	2007	2006
Financial income				
Interest income – subsidiaries	–	–	2	2
Interest income – other	25	17	25	16
Other	–	1	–	1
Total	25	18	27	19
Interest expenses				
Interest expenses – subsidiaries	–	–	–7	–4
Interest expenses – other	–289 ¹	–198	–289 ¹	–198
Bank costs	–7	–7	–7	–7
Other	–18 ²	0	0	0
Total	–314	–205	–303	–209

1) Of which, dissolution of provision for back interest, totaling SEK 54 M, after the Supreme Administrative Court upheld Industrivärden's appeal of a ruling by the Administrative Court of Appeal. See also note 10.

2) Dissolution of translation differences pertaining to the divested subsidiary Isaberg Rapid.

Note 7 Average number of employees

	2007		2006 ¹	
	Number of employees	Of whom, women	Number of employees	Of whom, women
Parent Company	20	5	20	5
Subsidiaries in Sweden	2	–	2	–
Total, Sweden	22	5	22	5

1) Excluding divested operation (see note 11).

Reporting of sickness-related absence

Combined sickness-related absence in the Parent Company during the year was 123 hours out of a total of 36,699 hours, or 0.3% (0.3%) of total working hours. Of the total sickness-related absence rate, no part (0.0) pertained to long-term absence, i.e., uninterrupted absence of more than 60 days, and 0.3 percentage points (0.3) to short-term absence.

Reporting of gender distribution in boards and company managements

The gender distribution in the Parent Company's board and executive management is stated in the specification on pages 80–81. All persons on the subsidiaries' boards and management are men.

Note 8 Wages, salaries and other remuneration; social security costs

	2007			2006 ¹		
	Wages, salaries and other remuneration	Social security costs	Of which, pension costs	Wages, salaries and other remuneration	Social security costs	Of which, pension costs
Parent Company^{2,3}	30	25	16	34 ⁴	25	13
Subsidiaries	6	3	1	5	2	1
Total	36	28	17	39	27	14

Note 8 (cont.)**Wages, salaries and other remuneration, broken down between board members, CEOs, executive vice presidents and other employees**

	2007				2006 ¹			
	Board of directors, CEO and executive vice presidents	Of which, bonuses and similar	Directors' fees paid to the Company ³	Other employees	Board of directors, CEO and executive vicpresidents	Of which, bonuses and similar	Directors' fees paid to the Company ³	Other employees
Parent Company²	17	2	-5	18	19 ⁴	5 ⁴	-4	19
Subsidiaries in Sweden	4	2	-	2	3	1	-	2
Total, Sweden	21	4	-5	20	22	6	-4	21

1) Excluding discontinued operations. See note 11.

2) See below.

3) Directors' fees payable to the CEO and Executive Vice President, totaling SEK 5 M (4), which were associated with their duties, have been paid to the Parent Company and thereby reduced the payroll cost.

4) The salary amount for 2006 includes exercised employee stock options worth SEK 5.5 M, of which SEK 2.2 M pertains to the CEO and Executive Vice Presidents and SEK 1.8 M to social security costs.

Specification of Note 8: Wages, salaries and other remuneration; social security costs

- The Nominating Committee, which has been appointed in the manner decided by the Annual General Meeting, submits recommendations on directors' fees to the Annual General Meeting. Fees were paid to the Chairman of the Board, the Vice Chairman and other directors in accordance with a resolution of the Annual General Meeting.
- Compensation of the CEO and other three members of the executive management, of whom one is an employee of Nordinvest, is based on guidelines adopted by the 2007 Annual General Meeting. The Compensation Committee submits a recommendation to the Board on the CEO's compensation and decides on the compensation of other members of the executive management.

The members of the executive management receive a base salary, a variable salary component and standard employment benefits. Added to this are pension benefits.

For disclosures on holdings of shares in Industrivärden by directors and members of the executive management, see pages 80 and 81.

In 2007 the Board was paid a fee of SEK 3.7 M (3.3), in accordance with a resolution by the Annual General Meeting. Of this amount, the Chairman received SEK 1.11 M (0.99) and the Vice Chairman SEK 0.74 M (0.66). Other directors, except for the CEO, each received SEK 0.37 M (0.33). A specification per board member is provided on page 68. No fee is paid for committee work. Of the Board's members, seven are men and one is a woman.

In 2002 an incentive program was established for employees of the Parent Company, which ran until February 28, 2007. At year-end 2006 all of the employee stock options had been exercised, whereby compensation corresponding to a total of 75,000 options – for which a provision was made as per December 31, 2006 – was paid in January 2007 in the amount of SEK 6.2 M. No costs for the option program were charged against 2007 earnings. During the term of the option program, 2002–2007, the program resulted in SEK 8.1 M in net income for Industrivärden, taking into account hedges through share swap agreements. No stock-based incentive programs were in effect at year-end 2007.

The CEO received a base salary of SEK 5.8 M (5.6). Added to this is a variable salary component of SEK 1.0 M (1.3) for the 2007 fiscal year, which will be paid out in 2008. The principles for determining the variable salary component are described in the second from last paragraph below. In addition, the CEO exercised all 50,000 of his employee stock options in December 2006, of which SEK 0.7 M was paid out in 2006 and the remaining SEK 3.4 M, corresponding to 40,000 options, was paid out in January 2007. The fees from directorships paid to the CEO that have been directly linked to his position have been paid to the Company, totaling SEK 3.8 M for 2007 (3.6). The CEO is entitled to pension benefits between 60 and 65 years of age equivalent to 70% of his average base salary during the three years prior to his sixtieth birthday, and to lifetime retirement pension benefits after 65 years of age equivalent to 60% of his average base salary during the three

years prior to retirement, indexed from the date of retirement in the same manner that would apply for a pension from Alecta. Pension benefits are earned in a linear manner up until the age of retirement and are a vested pension obligation, i.e., they are not conditional on future employment.

In addition, the CEO is entitled to disability pension equivalent to 50% of his base salary the year before such pension occasion, and his survivors are entitled to survivorship benefits equivalent to 35% of his base salary plus a supplement for children under the age of 20. The cost of defined benefit pension obligations in 2007 was SEK 8.3 M (4.5). The Company must give two years' notice if it cancels the CEO's employment contract.

The other three members of the executive management together received base salary of SEK 7.7 M (6.9). Added to this is a variable salary portion for the 2007 fiscal year totaling SEK 3.1 M (2.6), which will be paid out in 2008. The other members of the executive management also exercised all 70,000 stock options that they held in 2006, of which SEK 1.5 M was paid out in 2006 and SEK 2.8 M, corresponding to 35,000 options, was paid out in January 2007.

The fees from directorships paid to the other members of the executive management, that have been directly linked to their positions, have been paid to the Company, totaling SEK 0.9 M for 2007 (0.9). One of these executives is entitled to pension benefits equivalent to 70% of his base salary between 60 and 65 years of age, which is earned in a linear manner. The entire pension liability, totaling SEK 8 M for 2007 and SEK 1 M for 2008, has been paid to the beneficiary; this amount was earned and expensed through 2006. All three of these executives are covered from 65 years of age by defined contribution pension plans, whereby the amount of the pension benefits is dependent on the performance of their contracted pension plans. The total cost of the pension obligation in 2007 for these three executives was SEK 1.7 M (1.8). In the event the Company serves notice, all three executives are entitled to two years' notice. Reserved provisions (see Note 21) for the defined benefit pensions pertaining to the CEO and other senior executives as above are invested in the Parent Company's equities portfolio along with the returns it generates. All four members of the executive management are men.

The CEO has the right to a discretionary, variable salary component for 2007 amounting to a maximum of 50% of his base salary. Other employees of the Parent Company have the right to a variable salary component, which for 2007 could amount to a maximum of 50% of their respective base salaries, provided that the employee had achieved individually set goals. In addition, there is a joint target for net asset value growth which entails that the variable salary component is reduced by 10 percentage points if net asset value decreases during the year. Further, there is another joint target for the trend in net asset value over a two-year period to outperform the stock market index, which entails that the variable salary component is reduced by a further 10 percentage points if that target is not achieved. A provision of SEK 5.7 M (5.4) has been made for the accrued cost for the variable salary component for the 2007 fiscal year.

Compensation consisting of the variable salary component is not pensionable.

Note 8 (cont.)**Compilation of executive management's compensation, pension costs and employee stock options for 2007**

	Base salary	Variable salary portion ¹	Cash settlement of employee stock options ²	Other benefits	Pension costs
CEO	5.8	1.0	3.4	0.1	8.3
Other members of executive management (3 persons) ³	7.7	3.1	2.8	0.3	1.7
Total	13.5	4.1	6.2	0.4	10.0

1) Pertains to the 2007 fiscal year and will be paid out in 2008.

2) All employee stock options had been exercised by year-end 2006, whereby compensation stemming from a total of 75,000 options was paid out in January 2007.

3) Including one employee of Nordinvest.

Compilation of directors' fees for 2007

Name	Position	Fees 2007, SEK 000s
Tom Hedelius	Chairman	1,110
Sverker Martin-Löf	Vice Chairman	740
Boel Flodgren	Director	370
Lars O Grönstedt	Director	370
Finn Johnsson	Director	370
Fredrik Lundberg	Director	370
Lennart Nilsson	Director	370
Anders Nyström	Director	–
Total		3,700

Note 9 Auditors' fees

	Group ¹			Parent Company ¹		
	2007	2006	2005	2007	2006	2005
Auditing fees						
Öhrlings PricewaterhouseCoopers	1.4	1.4	1.3	1.2	1.2	1.2
Other auditing firms	–	–	–	–	–	–
Total auditing fees	1.4	1.4	1.3	1.2	1.2	1.2
Consulting fees						
Öhrlings PricewaterhouseCoopers	0.5	0.9	0.6	0.5	0.7	0.6
Other auditing firms	–	–	–	–	–	–
Total consulting fees	0.5	0.9	0.6	0.5	0.7	0.6
Total	1.9	2.3	1.9	1.7	1.9	1.8

1) Including value-added tax (since AB Industrivärden is not subject to value-added tax and thereby cannot deduct value-added tax).

Note 10 Tax and specification of deferred tax assets and deferred tax liabilities

	Group		Parent Company			Group		Parent Company	
	2007	2006	2007	2006		2007	2006	2007	2006
Tax charge					Tax liability				
Current tax	-5	-22	-	-	Opening value	193	165	174	165
Tax change	0	0	-	-	Current tax charge	-160	22	-165	-
Deferred tax	165	-51	165	-51	Additional tax	-	51	-	51
Additional tax	160	-73	165	-51	Paid tax	-28	-56	-9	-42
Tax attributable to discontinued operation	-	-5	-	-	Other changes	-4	11	-	-
					Closing value	1	193	-	174

The tax-loss carryforward of the Parent Company amounted to SEK 458 M for the 2007 tax year. After deducting SEK 197 M for an estimated loss carryforward for the 2007 fiscal year, the accumulated loss carryforward for the Group as well as Parent Company amounts to SEK 655 M, in accordance with the following calculation. Industrivärden cannot determine at present if the loss carryforwards can be utilized, which is why no deferred tax asset has been reported.

Tax calculation in summary	2007	2006
Market value of equities portfolio on January 1	63,030	52,265
Less: business-related shares (see page 77)	-60,061	-48,219
Basis for standard income	2,969	4,046
Standard income 1.5%	45	61
Dividends received	2,107	1,733
Management costs, net financial items, etc.	-418	-262
Dividend rendered	-1,931 ¹	-1,738
Taxable income	-197	-206
Accumulated tax-loss carryforward	-655	-458

1) Proposed by the Board of Directors.

In a ruling handed down in 2007, the Supreme Administrative Court ruled in favor of Industrivärden's appeal of the Administrative Court of Appeal's ruling in 2004 on the questioned right to deduction for interest paid during the year 1995–1998 in holding companies owned by and subsequently merged with AB Industrivärden. As a result of the Supreme Administrative Court's favorable ruling, a provision of SEK 165 M for the potential tax liability plus SEK 54 M in back interest could be dissolved.

Specification of the Group's tax rate

Special tax rules apply for holding companies. The most important of these rules are exemption from capital gains taxes on sales of stocks and the right to deduct dividends rendered, however, with the addition of a standard-calculated income based on the market value of the stocks. For a more detailed discussion of the tax rules for holding companies, see page 77.

As a result of the dividend paid by the Parent Company in 2006 and 2007, no current tax charge was incurred.

	Group	
	2007	2006
Income after financial items	-2,102	11,671
Tax according to Swedish tax rate of 28%	-	-3,268
Difference between Change in value of stocks in Parent Company and Group	-	1,478
Effect on Group's tax rate of the Parent Company's non-payment of tax	-	1,770
Other, net	-5	-2
Total current tax	-5	-22

Deferred taxes

The deduction right for dividends rendered enables the Parent Company to not pay any tax, which is why deferred tax assets and deferred tax liabilities are only specified for the Group, as below:

	Group	
	2007	2006
Specification of deferred tax assets		
Provisions for guarantees	-	6
Provisions for pensions	1	1
Total deferred tax assets	1	7
Specification of deferred tax liabilities		
Real estate, machinery and equipment	-	16
Total deferred tax liabilities	-	16
Total deferred tax assets/liabilities, net	1	-9
of which, deferred tax assets as per balance sheet (see Note 17)	1	1
of which, deferred tax liabilities as per balance sheet (see Note 24)	-	-10

Note 11 Discontinued operations

Discontinued operations are reported in accordance with IFRS 5, which also pertains operations in the process of being discontinued. At year-end 2006 the wholly owned subsidiary Isaberg Rapid was under discontinuation following a sale agreement signed in December 2006, with transfer of possession to the buyer in January 2007.

Note 12 Property, plant and equipment

	Group		
	Land and buildings	Equipment	Total property, plant and equipment
Opening cost	124	16	140
Investments during the year	–	1	1
Sales and disposals	–99	–1	–100
Closing accumulated cost	25	16	41
Opening depreciation	–44	–9	–53
Depreciation for the year	–1	–1	–2
Sales and disposals	38	0	38
Closing accumulated depreciation	–7	–10	–17
Residual value, 12/31/2007	18¹	6	24
Residual value, 12/31/2006	80 ¹	7	87

The balance sheet items Equipment and Non-current interest-bearing receivables (see Note 22), and Current interest-bearing liabilities (see Note 25) include SEK – M (1) for finance leases for vehicles.

Depreciation for the year amounted to SEK 2 M (4) and is reported in the income statement under Management costs, totaling SEK 0 M (0), and under Other income and expenses, totaling SEK 2 M (4).

The tax assessment value of Swedish properties was SEK 40 M (80).

1) Of which, land SEK 3 M (5).

Note 13 Equities

	2007					2006 ¹	
	Number of shares	Share of capital, %	Share of votes, %	Cost	Market value ¹	Market value ¹	
Ericsson A	372,000,000	2.4	13.4	3,125	5,714	10,267	
Ericsson B	10,000,000			259	152	138	
Handelsbanken A	68,285,000	10.9	11.1	4,934	14,135	14,076	
Handelsbanken B	118,900			24	24	23	
Hemtex	3,700,000	12.6	12.6	375	275	300	
Höganäs B	3,550,000	10.1	8.1	638	485	637	
Indutrade ²	14,757,800	36.9	36.9	247	1,819	2,006	
Munters	10,950,000	14.6	14.6	684	840	1,153	
Sandvik	136,431,200	11.5	11.5	6,147	15,178	12,935	
SCA A	48,600,000	10.0	29.5	847	5,747	5,840	
SCA B	22,200,000			1,719	2,542	2,717	
Skanska A	15,010,700	7.9	27.1	709	1,831	2,026	
Skanska B	18,315,000			1,073	2,235	2,336	
SSAB A ³	56,430,243	17.5	22.7	3,659	9,932	6,798	
SSAB B	121,794			18	19	11	
Tandberg Television ASA	–			–	–	510	
Volvo A	43,511,650	2.1	5.3	4,873	4,699	1,180	
Volvo B	2,000,000			253	217	25	
Other equities ⁴					–	52	
Group's holdings of equities⁵				29,584	65,844	63,030	
Less: Other equities					–	–52	
Less: associated companies:							
Indutrade					–1,819	–2,006	
SCA					–8,289	–8,557	
Skanska					–4,066	–4,362	
SSAB					–9,951	–6,809	
Parent Company's holdings of equities, excluding shares in associated companies ⁵					41,719	41,244	

1) The market value corresponds to the book value.

2) In 2005 and 2006 Indutrivärden issued a total of 284,800 call options to senior executives of Indutrade. Each option entitles the bearer to purchase one share of Indutrade stock for SEK 107.30 during the period May 1–June 30, 2010. The total cost of the underlying shares is SEK 1,974 thousand. The total value of the exercise price and expensed premium is SEK 32,403 thousand.

3) In 2003 Indutrivärden issued a total of 25,766 call options to members of SSAB's executive management. Each option entitles the bearer to purchase one share of SSAB Class A stock for SEK 170 during the period May 28, 2003–May 31, 2008. Following exercise of the options and recalculation with respect to the share redemptions in 2005 and 2006, the stock split in 2006, and the rights issue in 2007, 8,757 call options remain with a recalculated exercise price of SEK 50.70. The total cost of the underlying shares is SEK 567 thousand. The total value of the exercise price and expensed premium is SEK 474 thousand.

4) Pertains to investments made by Indus Innovation, which have been transferred to Short-term equity investments (see note 22).

5) At year-end 2007, no shares were out on loan.

Note 14 Shares in associated companies

	Reg. no.	Domicile	Shareholders' equity	Net income	Share of capital, %	Share of votes, %	No. shares, 000s	Parent Company Book value
Indutrade	556017-9367	Stockholm	1,189	419	36.9	36.9	14,758	103
SCA	556012-6293	Stockholm	64,279	7,161	10.0	29.5	70,800	2,566
Skanska	556000-4615	Stockholm	20,724	4,121	7.9	27.1	33,326	1,782
SSAB	556016-3429	Stockholm	29,145	4,685	17.5	22.7	56,552	5,244
Total								9,695

Note 15 Shares in subsidiaries

	Reg. no.	Domicile	Share of capital, %	No. shares, 000s	Shareholders' equity	Parent Company Book value
Handus AB	556384-5428	Stockholm	100	10,000	317	0
Indus Innovation AB	556364-7758	Stockholm	100	100,000	2	1
Industrivärden Service AB	556289-9160	Stockholm	100	10,000	11	1
Nordinvest AB	556287-8826	Stockholm	100	42	109	94
Other			100			1
Total						97

Note 16 Change in equities

	Group Equities	
	2007	2006
Opening value	63,030	51,910
Sales of listed stocks at sales value	-1,924	-2,072
Purchases of listed stocks	8,834	3,193
Change in value ¹	-4,044	9,999
Other ²	-52	-
Closing value	65,844	63,030

1) Excluding SEK -37 M (35) in currency hedging of foreign stocks and SEK 102 M (-) in capital gains from sold subsidiaries.

2) Transfer of equity investments made by Indus Innovation, totaling SEK -52 M.

	Parent Company							
	Equities		Shares in associated companies		Shares in subsidiaries		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Opening value	41,244	35,515	6,843	6,731	140	230	48,227	42,476
Sales at sales value	-1,541	-1,544	-383	-528	-200	-	-2,124	-2,072
Purchases	5,828	2,743	3,006	450	-	-	8,834	3,193
Change in value ¹	-3,812	4,530	229	190	157	-90	-3,426	4,630
Closing value	41,719	41,244	9,695	6,843	97	140	51,511	48,227

1) Excluding SEK -37 M (35) in currency hedging of foreign stocks.

Note 17 Non-current receivables

	Group		Parent Company	
	2007	2006	2007	2006
Promissory note receivable	65	-	65	-
Deferred tax (see Note 10)	1	1	-	-
Total	66	1	65	-

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2007	2006	2007	2006
Prepaid rents	-	1	-	1
Accrued interest income	4	1	4	1
Prepaid service and maintenance charges	2	3	1	3
Other items	13	5	13	5
Total	19	10	18	10

Note 19 Short-term equity investments

	Group		Parent Company	
	2007	2006	2007	2006
Short-term equity investments ¹	73	114	–	–
Total	73	114	–	–

1) Of which, SEK 27 M (114) pertains to equity investments in Nordinvest with an investment horizon of not more than six months, and investments made by Indus Innovation totaling SEK 46 M (–).

Note 20 Cash and cash equivalents

	Group		Parent Company	
	2007	2006	2007	2006
Cash and bank balances ¹	7	38	4	38
Short-term investments ²	250	700	250	700
Total	257	738	254	738

1) Of which, SEK – M (12) pertains to cash and cash equivalents that are blocked as security for issued stock options.

2) Pertains to financial investments with durations of less than three months at the time of purchase.

Note 21 Pensions

Industrivärden applies IAS 19 Employee Benefits. This standard is complemented with rules according to RR 30:05 Supplementary Accounting Rules for Groups, and for the Parent Company with RR 32:06 Accounting for Legal Entities. In accordance with IAS 19, an actuary working under assignment from Industrivärden has calculated the Group's pension liability and the amounts that are to be regularly reserved as pension provisions for the Group's employees. These actuarial computations are done at least on an annual basis. Calculation of Industrivärden's pension liability takes into account such actuarial assumptions as the anticipated discount rate, employees' future salary increases, anticipated inflation, etc., as shown in the table on page 74.

The pension plans are both defined benefit and defined contribution plans:

Defined benefit plans

Industrivärden's defined benefit plans involve retirement pensions, disability pensions and family pensions, and ordinarily entail an obligation to pay lifetime benefits. Earning of pension entitlement is based on the number of years in service and increases the employee's pension entitlement each year. The obligation is reported on a continuing basis in the income statement and as a pension provision in the balance sheet.

Defined contribution plans

The defined contribution plans involve retirement pensions, disability pensions and family pensions and entail that premiums are paid on a regular basis during the year to independent legal entities. The size of the pension premium is based on the employee's salary, and the cost of the premiums is reported on a continuing basis in the income statement.

The pensions for Industrivärden pertain primarily to traditional ITP or "high earner" solutions (for employees earning more than ten times the Base Amount), or pensions provisioned for in the FPG/PRI system. In addition there are individual pension plans based on defined benefit plans.

The pension liability amounted to SEK 58 M (59) for the Group and SEK 56 M (56) for the Parent Company as per December 31, 2007. The value of the plan assets was SEK 5 (4) for the Group, of which SEK 5 (4) pertains to the Parent Company. The Group's combined plan assets consist primarily of investments with insurance companies.

Actuarial gains and losses are recognized in the income statement as revenue or booked as an expense if the net amount of accumulated, unrealized actuarial gains and losses exceeds the higher of 10% of the present value of the defined benefit pension obligation or 10% of the fair value of the plan assets.

For 2007, the total actuarial loss was SEK 2 M for the Group, of which SEK 2 M pertained to the Parent Company, which corresponds to approximately 3% of the present value of the Group's pension obligations.

The Group's total reported pension cost amounted to SEK 17 M (14), of which SEK 16 M (13) pertained to the Parent Company. Interest on pension obligations and the return on plan assets are reported among financial items in the income statement. For 2008, the Parent Company's pension cost is expected to amount to approximately SEK 15 M.

The Parent Company's reserved provisions for defined benefit pensions have been continuously invested in the Parent Company's equities portfolio, with the return generated by the equities portfolio.

Note 21 (cont.)

	Group		Parent Company	
	2007	2006	2007	2006
Pension liability				
Pensions	58	59	56	56
Total	58	59	56	56

Actuarial assumptions	Group		Parent Company	
	2007	2006	2007	2006
Discount rate, %			4.5	3.9
Anticipated return on plan assets, %			5.0	5.0
Future salary increases, %			4.0	3.5
Anticipated inflation, %			2.0	2.0

Obligations pertaining to compensation to employees, defined benefit plans	Group		Parent Company	
	2007	2006	2007	2006
Present value of funded obligations	5	4	5	4
Fair value of funded plan assets	-5	-4	-5	-4
Total funded obligations	0	0	0	0
Present value of unfunded obligations	60	61	58	58
Total	60	61	58	58
Unrecognized actuarial losses	-2	-2	-2	-2
Net liability on balance sheet	58	59	56	56

Reconciliation of pension liability	Group		Parent Company	
	2007	2006	2007	2006
Net liability according to balance sheet at start of year			56	51
Transferred to discontinued operation (Note 11)	-	-56	-	-
Net cost recognized in income statement	11	8	11	8
Pension payments	-12 ¹	-3	-11 ¹	-3
Net liability according to balance sheet at December 31	58	59	56	56

1) Of which, SEK -8 M (-) pertains to pension payment to one beneficiary in the executive management, who is entitled to pension between 60 and 65 years of age. The amount paid out was earned and expensed in its entirety up to and including 2006.

	Group					
	Defined benefit pension plans		Defined contribution pension plans		Total	
	2007	2006	2007	2006	2007	2006
Pension cost						
Current service cost	4	4	6	6	10	10
Interest on obligation	3	2	-	-	3	2
Anticipated return on plan assets	0	0	-	-	0	0
Actuarial gains and losses, net, during the year	0	0	-	-	0	-
Past service cost	4	2	-	-	4	2
Net cost in income statement	11	8	6	6	17	14
-of which, included in operating income	8	6	6	6	14	12
-of which, included in financial items	3	2	-	-	3	2

Note 22 Non-current interest-bearing liabilities

	Group		Parent Company	
	2007	2006	2007	2006
Bond issues	4,599	2,519	4,599	2,519
Promissory note	5,200	200	5,200	200
Pension liability (see Note 21)	58	59	56	56
Total	9,857	2,778	9,855	2,775

Maturity dates	Group		Parent Company	
	2007	2006	2007	2006
-2008	-	720	-	720
-2009	2,100	900	2,100	900
-2010	1,198	699	1,198	699
-2011	700	400	700	400
-2012 or later ¹	5,859	59	5,857	56
Total	9,857	2,778	9,855	2,775

1) Of which, pension liability 58 59 56 56

Market valuation of current and non-current interest-bearing liabilities as per 12/31/2007 would decrease the interest-bearing liabilities by SEK 223 M (decrease of 29).

Note 23 Obligations to Company directors and CEOs

The Group's non-current interest-bearing liabilities include SEK 45 M (45) for pension obligations and similar benefits for current and former company directors and CEOs. The corresponding amount for the Parent Company is SEK 42 M (42), as shown in the item Pension liability in Notes 21 and 22.

Note 24 Non-current noninterest-bearing liabilities

	Group		Parent Company	
	2007	2006	2007	2006
Deferred taxes (see Note 10)	-	10	-	-
Product liability	18	22	-	-
Other	-	-	-	-
Total	18	32	-	-

The Parent Company has a contingent liability on behalf of a subsidiary regarding product liability for a sold operation. Provisions considered necessary for this contingent liability have been made in the balance sheets of the subsidiary and the Group.

Note 25 Current interest-bearing liabilities

	Group		Parent Company	
	2007	2006	2007	2006
Utilized bank overdraft facility	-	-	-	-
Bond issues	721	1,800	721	1,800
Other interest-bearing liabilities	695	705	695	704
Total	1,416	2,505	1,416	2,504

The amount of the bank overdraft facility granted is SEK 2,500 M (2,826) for the Group and Parent Company.

Note 26 Accrued expenses and deferred income

	Group		Parent Company	
	2007	2006	2007	2006
Accrued interest expenses	93	132	93	132
Accrued staff-related expenses	27	26	23	23
Option premiums received	2	34	2	34
Other	20	12	15	6
Total	142	204	133	195

Note 27 Contingent liabilities

	Group		Parent Company	
	2007	2006	2007	2006
Contingent liabilities on behalf of other Group companies	-	-	3	3
Other contingent liabilities	0	0	0	0
Total	0	0	3	3

Note 28 Related-party transactions*Transactions with subsidiaries*

Certain transactions have been made with wholly owned subsidiaries, such as rents for premises at market terms.

Transactions with associated companies

Stock dividends have been received from certain, listed associated companies. CEO Anders Nyren and Executive Vice President Bengt Kjell have received directors' fees from listed associated companies, which were paid to Industrivärden. The subsidiary Fastighets AB Raseborg, which was sold during the year, rents premises to Indutrade AB at market terms.

Audit Report

To the Annual General Meeting of the shareholders of AB Industrivärden (publ)

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of AB Industrivärden (publ) for the year 2007. The company's annual report is included on pages 49–75 in the printed version of this document. The board of directors and the president are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and application of International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president and significant estimates made by the board of directors and the president when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a

basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Stockholm, Sweden, February 22, 2008

Öhrlings PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant

Tax Rules for Holding Companies

For a company to be defined as a holding company for tax purposes, the requirements are that the company is engaged exclusively or almost exclusively in the management of securities, that the company's stock is spread among a large number of shareholders, and that the portfolio of securities is well distributed.

Intermediaries

Holding companies, along with mutual funds, are usually classified as intermediaries. The principles of legislation in this area are:

- that neutrality between direct and indirect ownership requires that the intermediary shall not be subject to taxation,
- that indirect ownership shall not be more advantageous than direct ownership, and
- that taxation shall enable reinvestment of the shareholding by the intermediary.

Tax Rules

The main principles concerning taxation of holding companies are:

- that interest income is taxable, while interest expenses and management costs are tax deductible,
- that dividends received are taxable, while dividends rendered are tax deductible, and
- that capital gains on sales of stocks are tax exempt, but in return, a standard-calculated level of income, which amounts to 1.5% of the market value of the equities portfolio at the start of the fiscal year, is taxed. The basis for calculating the standard level of income does not include business-related shares, by which is meant unlisted shares as well as listed shares in which the holding corresponds to at least 10% of the number of votes. In order for listed business-related shares to be excluded from the standard income calculation, they must have been held for at least one year.

Tax Deficits

Tax-loss carryforwards are deductible and can be accumulated in order to be deducted from future taxable surpluses. See also Note 10 on page 69.

Industrivärden's Equities Portfolio from a Tax Perspective

At year-end 2006, business-related shares accounted for 96% of the total value of the equities portfolio. Of the business-related shares, shareholdings corresponding to 1% of the equities portfolio had been held for less than a year. Added to these are nonbusiness-related shares, which amounted to 4% of the equities portfolio. This means that the calculation of the standard level of income for 2007 is based on 5% of the market value of the equities portfolio at year-end 2006.

At the end of 2007, business-related shares accounted for 92% of the equities portfolio, of which shareholdings corresponding to 5% of the equities portfolio had been held for less than a year. Added to these are nonbusiness-related shares, which amounted to 8% of the equities portfolio. This means that the calculation of the standard level of income for 2008 will be based on 13% of the market value of the equities portfolio at year-end 2007.

Industrivärden in Summary – SEK and Euros

SEK

	2007	2006	2005	2004	2003 ¹
Key ratios, SEK per share²					
Net asset value	142	151	125	95	78
Shareholders' equity	142	151	125	91	43
Earnings	-5.03	30.09	36.77	19.31	-2.25
Share price, December 31					
Class A shares	113	136	109	85	61
Class C shares	105	128	100	77	55
Dividend	5.00 ³	4.50	3.50	3.00	2.75
Dividend growth, % per year	11	29	17	9	-5
Dividend yield, Class A shares, %	4.4	3.3	3.2	3.5	4.5
Total return, Class A shares, %	-14	29	33	46	28
Dividend yield, Class C shares, %	4.8	3.5	3.5	3.9	5.0
Total return, Class C shares, %	-15	32	36	48	27
Key ratios, SEK M					
Net asset value	54,837	58,511	48,252	36,563	30,070
Change in net asset value, %	-6	21	32	22	24
Equity ratio, %	83	90	89	83	78
Net debt-equity ratio, %	17	7	7	12	7
Income statements, SEK M					
Dividend income from stocks	2,107	1,733	1,275	1,032	850
Income from equity and derivative transactions ⁴	-3,833	10,210	13,059	6,533	-1,385
Management costs	-86	-81	-78	-80	-80
Operating income	-1,813	11,858	14,258	7,487	-374
Income after financial items	-2,102	11,671	14,042	7,299	-623
Income from discontinued operations	-	23	162	168	-
Net income for the year	-1,942	11,621	14,202	7,458	-867
Balance sheets, SEK M					
Equities	65,844	63,030	51,910	39,190	18,123
Other non-current assets	90	88	323	795	804
Current assets	359	1,593	1,928	2,548	2,148
Total assets	66,293	64,711	54,161	42,533	21,075
Shareholders' equity	54,837	58,491	48,227	35,175	16,413
Interest-bearing liabilities incl. pensions	11,273	5,283	5,283	6,193	3,525
Noninterest-bearing liabilities	183	937	651	1,165	1,137

1) Comparison figures for 2003 are not IFRS-adjusted.

2) All per-share values have been recalculated to take into account the 2:1 stock split in 2007.

3) Proposed by the Board of Directors.

4) Change in value of stocks and short-term derivative and equity trading for 2004–2007.

5) A year-end exchange rate of 9.08 has been used for 2003, 9.00 for 2004, 9.42 for 2005, 9.05 for 2006, and 9.47 for 2007.

Euros⁵

	2007	2006	2005	2004	2003 ¹
Key ratios, EUR per share²					
Net asset value	14.99	16.74	13.27	10.50	8.58
Shareholders' equity	14.99	16.74	13.27	10.11	4.68
Earnings	-0.53	3.33	3.91	2.15	-0.25
Share price, December 31					
Class A shares	11.93	15.03	11.52	9.45	6.66
Class C shares	11.09	14.15	10.62	8.56	6.00
Dividend	0.53 ³	0.50	0.37	0.34	0.31
Dividend growth, % per year	11	29	17	9	-5
Dividend yield, Class A shares, %	4.4	3.3	3.2	3.5	4.5
Total return, Class A shares, %	-14	29	33	46	28
Dividend yield, Class C shares, %	4.8	3.5	3.5	3.9	5.0
Total return, Class C shares, %	-15	32	36	48	27
Key ratios, EUR M					
Net asset value	5,791	6,465	5,122	4,063	3,312
Change in net asset value, %	-6	21	32	22	24
Equity ratio, %	83	90	89	83	78
Net debt-equity ratio, %	17	7	7	12	7
Income statements, EUR M					
Dividend income from stocks	222	191	135	115	94
Income from equity and derivative transactions ⁴	-404	1,128	1,387	726	-153
Management costs	-9	-9	-8	-9	-9
Operating income	-191	1,310	1,514	832	-41
Income after financial items	-222	1,290	1,491	811	-69
Income from discontinued operations	-	3	17	19	-
Net income for the year	-205	1,284	1,508	829	-95
Balance sheets, EUR M					
Equities	6,952	6,965	5,511	4,354	1,996
Other non-current assets	10	10	34	90	88
Current assets	38	176	205	283	237
Total assets	7,000	7,151	5,750	4,727	2,321
Shareholders' equity	5,791	6,463	5,120	3,907	1,808
Interest-bearing liabilities incl. pensions	1,190	584	561	690	387
Noninterest-bearing liabilities	19	104	69	130	126

Board of Directors



Tom Hedelius, MBA, Honorary Doctor of Economics.
Born 1939, Stockholm.
Chairman of the Board since 2002.
Director since 1991.
Chairman of B&B Tools, Jan Wallanders och Tom Hedelius stiftelse and Anders Sandrews stiftelse.
Vice Chairman of Addtech and Lagercrantz Group.
Director of L E Lundbergföretagen, SCA and Volvo, among other companies.
Honorary Chairman of Svenska Handelsbanken.
Shareholding: 20,000.



Sverker Martin-Löf,
Doctor of Technology, Honorary Ph.D.
Born 1943, Stockholm.
Vice Chairman of the Board since 2002.
Director since 2002.
Chairman of SCA, Skanska and SSAB.
Vice Chairman of Ericsson.
Director of Svenska Handelsbanken.
Shareholding: 14,000.



Boel Flodgren, LL.D. Honorary Doctor of Economics, Professor.
Born 1942, Lund.
Director since 2002.
Chairman of the Research Council of E.ON Sweden.
Director of Brinova, the University of Oslo and the University of Copenhagen.
Shareholding: 600.



Lars O Grönstedt, BA, MBA.
Born 1954, Stockholm.
Director since 2006.
Chairman of Svenska Handelsbanken.
Vice Chairman of the Stockholm Chamber of Commerce.
Director of the Swedish Free Enterprise Foundation, Tore Browaldhs stiftelse, Jan Wallanders och Tom Hedelius stiftelse, and Probusiness bank.
Shareholding: 200.



Finn Johnsson, MBA., Honorary Doctor of Economics.
Born 1946, Gothenburg.
Director since 2000.
Chairman of Volvo, KappAhl, City Airline, Thomas Concrete Group, Unomedical A/S, Luvata Oy and EFG.
Director of Skanska.
Shareholding: 10,000.



Fredrik Lundberg, M.Sc. Eng., MBA, Honorary Doctor of Economics, Honorary Doctor of Engineering.
Born 1951, Djursholm.
Director since 2004.
President and CEO of L E Lundbergföretagen.
Chairman of Cardo, Holmen and Hufvudstaden.
Director of Svenska Handelsbanken, L E Lundbergföretagen, NCC and Sandvik.
Shareholding: 4,570,000.



Lennart Nilsson, M. Sc., Eng., Honorary Doctor of Economics.
Born 1941, Lund.
Director since 1997.
President of the Crafoord Foundation.
Chairman of the Erik Philip Sörensen Foundation and the University of Kalmar. Vice Chairman of Cardo.
Director of AMF Pension, the Albert Pålsson Foundation for Research and Charity, Kalmar Läns Kapitalförvaltning AB and Malmöhus Invest.
Shareholding: 6,000.



Anders Nyrén, MBA, U.S. MBA.
Born 1954, Bromma.
President and Chief Executive Officer of Industrivärden.
Director since 2001.
Vice Chairman of Svenska Handelsbanken and Sandvik.
Director of Ericsson, SCA, Skanska, SSAB and Ernströmgruppen.
Chairman of the Association of Exchange-Listed Companies and the Association for Generally Accepted Principles in the Securities Market.
Shareholding: 61,550.

Executive Management



Fredric Calles, Anders Nyrén, Bengt Kjell and Carl-Olof By.

Anders Nyrén, MBA, U.S. MBA, born 1954. President and Chief Executive Officer. Industrivärden employee since 2001. Shareholding: 61,550. Directorships: see page 80.

Bengt Kjell, MBA, born 1954. Executive Vice President and Chief Investment Officer. Industrivärden employee since 2002. Shareholding: 25,000. Chairman of Indutrade and Kungsleden. Director of Svenska Handelsbanken (Southern Sweden Region), Munters and Höganäs.

Carl-Olof By, B.A., M.Pol. Sc., born 1945. Executive Vice President with responsibility for finance and administration. Industrivärden employee since 1990. Shareholding: 34,000. Director of Svenska Handelsbanken (Stockholm City Region), KnowIT and OMX Nordic Exchange Group.

Fredric Calles, MBA, born 1966. Head of Market Operations and CEO of Nordinvest. Industrivärden employee since 2003. Shareholding: 2,000.

Committees

Compensation Committee to make recommendations to the Board on the CEO's compensation and to set the salaries, benefits and pensions for the other members of the Executive Management: Tom Hedelius (committee chairman) and Sverker Martin-Löf.

Audit Committee for oversight of the Company's risk management, business management and control, and financial reporting: Industrivärden's Board of Directors excluding CEO Anders Nyrén. Committee chairman: Sverker Martin-Löf.

Nominating Committee for election of the Board of Directors: Tom Hedelius (Chairman of the Board), Bo Damberg (Jan Wallanders och Tom Hedelius stiftelse), Curt Källströmer (Handelsbanken Pension Foundation and Handelsbanken Pension Fund – committee chairman), Ulf Lundahl (L E Lundbergföretagen), and Anders Nyberg (SCA pension foundations and others).

A presentation of the committees' work can be found in the Corporate Governance Report on pages 43–48.

Other Executives

Martin Hamner, MBA, born 1964. Chief Financial Officer. Industrivärden employee since 2008.

John Klint, MBA, born 1974. Investment Manager. Industrivärden employee since 2007. Shareholding: 400.

Jens Melander, MBA, born 1976. Investment Manager. Industrivärden employee since 2002.

Erik Röjvall, MBA, born 1973. Investment Manager. Industrivärden employee since 2000. Shareholding: 42,000.

Sverker Sivall, MBA, born 1970. Investor Relations Officer. Industrivärden employee since 1997. Shareholding: 5,000.

Industrivärden's organizational structure is presented on page 15.

Auditor

Öhrlings PricewaterhouseCoopers AB.

Chief Auditor: **Anders Lundin**, Authorized Public Accountant, born 1956, Stockholm. In 2007 Anders Lundin was Chief Auditor of the listed companies Industrivärden, AarhusKarlshamn, Bong Ljungdahl, Husqvarna, Melker Schörling, SCA, Säkl and Teligent.

In 2007 Öhrlings PricewaterhouseCoopers had a total of 101 auditing assignments for companies listed on the Stockholm Stock Exchange, of which one was in cooperation with other auditing firms.

Glossary and Definitions

Change in value of stocks For stocks held at both the start and end of the year, the change in market value consists of the difference in value between these two dates. For stocks sold during the year, the change in market value consists of the difference between the sales price of the shares and their value at the start of the year. For stocks acquired during the year, the change in market value consists of the difference between the cost of the shares and their value at the end of the year.

Discount to net asset value The difference between net asset value per share and the share price, measured in proportion to net asset value.

Dividend yield Dividend per share in relation to the share price on December 31.

Earnings per share Income after tax divided by the total number of shares after full dilution.

Interest-bearing net debt Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables.

Market value of equities portfolio The value of the equities portfolio based on market prices on the balance sheet date.

Net asset value The market value of the equities portfolio less net debt.

Net asset value including reinvested dividends To calculate the development of net asset value before dividends rendered, the dividends paid out by the Company after tax are recalculated to take into account the performance of the listed portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividends and thereby had taxable income, since dividends rendered are tax-deductible.

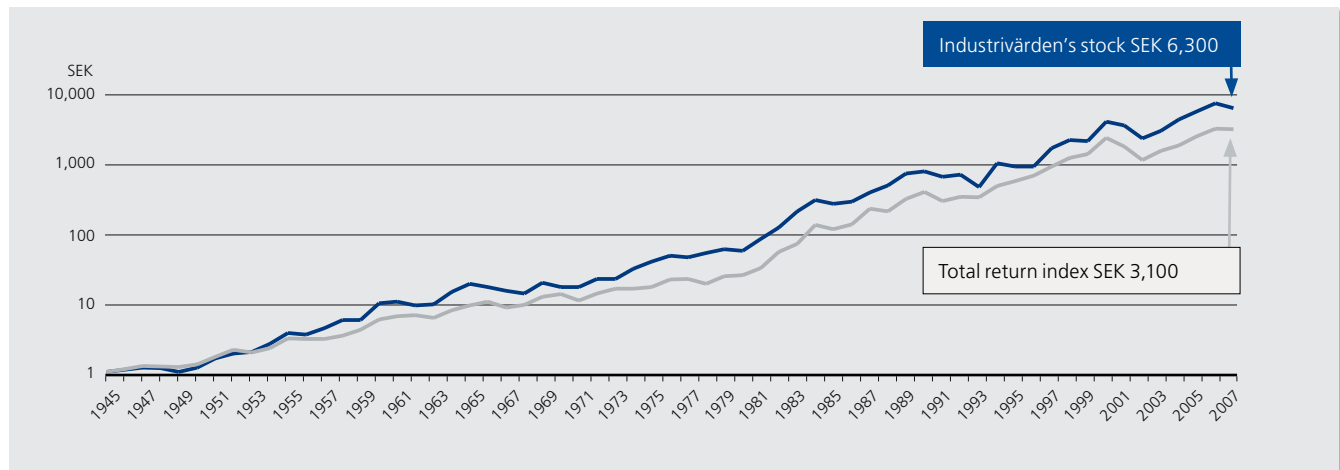
Net debt Interest-bearing net debt and the net value of other assets and liabilities excluding the equities portfolio.

Net debt-equity ratio Interest-bearing net debt in relation to the market value of the equities portfolio.

Short-term derivative and equity trading Short-term equity derivative transactions in the Parent Company and short-term derivative and equity trading in the subsidiary Nordinvest.

Total return Change in the share price taking into account share redemptions and reinvested dividends. The total return is compared against the return index (SIXRX), which indicates the price trend including reinvested dividends for stocks listed on the Stockholm Stock Exchange.

Industrivärden's History – Sixty Years in Brief



An investment of SEK 1 in Industrivärden at its stock market introduction in 1945 would have grown to SEK 6,300 in 2007, compared with SEK 3,100 for the return index.

1944: Industrivärden established

During the financial crises of the 1920s and '30s, Handelsbanken took over majority equity stakes in several Swedish industrial companies to protect its credits in connection with various financial crises. A holding company was formed in 1944, to which the shareholdings were transferred. This company was given the name Industrivärden ("Industrial value") to symbolize its stewardship of this industrial value. Industrivärden was sold to Handelsbanken's owners in 1945 and has been a publicly listed company ever since.

1950s and '60s: Equity stakes acquired in leading listed companies

Ericsson has been included in Industrivärden's equities portfolio since the start. During the 1950s Industrivärden acquired major shareholdings in AGA, SCA and Handelsbanken. During the 1960s major investments were made in the construction and real estate sectors. These holdings were sold in the 1980s, among others to Skanska, which paid with own stock.

1980s: Concentration of listed portfolio

The listed portfolio was concentrated during the 1980s, bringing the total number of holdings to around ten by the start of the 1990s.

1990s: An industrial operation is acquired and divested

Through the acquisition of PLM and the holding companies Dacke and Bahco in the late 1980s/early 1990s, Industrivärden created a substantial wholly owned operation which was subsequently divested in stages, generating substantial capital gains.

Major transactions during the last ten years

During the past ten years Sandvik and SSAB became new, major shareholdings, while Industrivärden's stakes in AGA and PLM, as well as its subsidiaries Besam and Thorsman, were sold.

2000s: Shifts as result of adapted strategy

As part of its strategy of investing in listed Nordic companies in which it can take an active ownership role, Industrivärden sold its shareholding in the pharmaceutical company Lundbeck in 2002, in Skandia in 2003 and in Scania in 2004. Stock in the moisture control company Munters was purchased in 2003. Stock in the Icelandic med-tech company Ossur was purchased in 2002 and sold in 2005 at a good profit. Sizable complementary purchases of stock were made in Handelsbanken and Sandvik in 2004, and in SCA in 2005. A majority shareholding in the wholly owned technology trading company Indutrade was sold in 2005 in connection with that company's introduction on the stock market. A substantial shareholding in Höganäs was purchased in 2005. Industrivärden's last remaining operating subsidiary, Isaberg Rapid, was sold in 2006. Sizable shareholdings were purchased in Volvo in 2007 and also in SSAB in connection with its rights issue.

Industrivärden today

Today operations are focused on a concentrated portfolio of long-term holdings in listed Nordic companies with good potential for value growth. Through its active ownership role, Industrivärden is contributing to growing value.

At year-end 2007 Industrivärden's equities portfolio consisted of ten listed companies in which Industrivärden controls at least 10% of the votes or capital.

Stock Market Information

Industrivärden has high aspirations regarding the demands on communication with its shareholders and the stock market in general. Information to the market will maintain a high standard of quality and be made quickly available to anyone interested. Through a close dialog with market participants, Industrivärden strives to continuously develop and improve its communication.

Reporting Dates 2008

Interim reports will be published on the following dates

- May 5 for the period January–March
- August 4 for the period January–June
- October 31 for the period January–September

Data on net asset value per share is published as follows

- Monthly through press releases on Industrivärden's website
- Quarterly in the interim reports and year-end report

2008 Annual General Meeting

- Tuesday, April 15, in Stockholm

Information Channels

Publications

Interim reports, year-end reports, annual reports and press releases can be ordered using any of the following alternatives:

- by post from AB Industrivärden (publ),
Box 5403, SE-114 84 Stockholm, Sweden
- by phone, at +46-8-666 64 00
- by fax, at +46-8-661 46 28
- by e-mail at: info@industrivarden.se

Industrivärden Online

Industrivärden's website, www.Industrivarden.net, is a central communication channel for contact with parties interested in the company. It presents current information about the Company and the major shareholdings, including the most recently published net asset value, stock prices, press releases, and a database of current press clippings about Industrivärden. In addition, press releases, interim reports and year-end reports are available in their entirety in connection with their publication. Visitors to the website can use interactive analysis tools to help them conduct their own analyses of Industrivärden's stock and of Industrivärden's active shareholdings. The website also includes an extensive description of Industrivärden as a company and equity investment, as well as a separate Corporate Governance section.

Press Releases and Reports "Direct"

Anyone with Internet access can subscribe to Industrivärden's press releases and interim reports simply by registering their e-mail address at www.Industrivarden.net or www.cision.se. In connection with the publication of press releases and interim reports, subscribers will be sent an e-mail containing the press release or report in question.

Investor Contact

Head of Investor Relations: Sverker Sivall, tel. +46-8-666 64 19, e-mail: info@industrivarden.se

Investor Activities

Industrivärden participates regularly in various investor meetings and also conducts exclusive presentations of the Company and its stock. Requests for company presentations are always welcome.

Financial Analysts Who Monitor Industrivärden

ABG Sundal Collier	Jon Arnell	+46-8-56 62 86 00
C A I Cheuvreux Nordic	David Halldén	+46-8-723 51 00
Carnegie Fondkommission	Frida Willmansson	+46-8-676 88 00
Cazenove Equities	Christopher Brown	+44-20-7155 5000
Danske Markets Equities	Fasial Kalim Ahmad	+45-33-44 04 00
SEB Enskilda	Andreas Joelsson	+46-8-52 22 95 00
Erik Penser Fondkommission	Marcus Lundquist	+46-8-463 80 00
Evli Bank	Anders Berg	+46-8-407 80 00
Hagströmer & Qviberg Fondkommission	Andreas Koski	+46-8-696 17 00
Handelsbanken Markets	Magnus Dalhammar	+46-8-701 10 00
Kaupthing Bank	Christian Hellman	+46-8-791 48 00
Kaupthing Bank	Adrian Westman	+46-8-791 48 00
Standard & Poor's Equity Research	Joakim Ström	+46-8-440 59 00
Swedbank Fondkommission	Niclas Höglund	+46-8-58 59 18 00
UBS Nordic Research	Olof Cederholm	+46-8-453 73 00
Öhman Equities	Katarina Åselius	+46-8-402 50 00

International Corporate Credit Rating

Standard & Poor's	Andreas Kindahl	+46-8-440 59 00
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2008 Annual General Meeting

Time and place

The Annual General Meeting will be held at 2 p.m. on Tuesday, April 15, 2008, at the Grand Hotel, Vinterträdgården room (entrance at the corner of Stallgatan/Blasieholmsgatan), in Stockholm, Sweden. The doors will open at 1 p.m., and registration will take place until 2 p.m., at which time the doors will be closed. Coffee will be served before the Meeting.

Who is entitled to participate?

To be entitled to participate in the Annual General Meeting, shareholders must be listed on the shareholder register printed out by VPC (Swedish Depository and Clearing House) on April 9, 2008, and give notice of their intention to participate in the Meeting no later than 3 p.m. on Thursday, April 10, 2008.

How to become registered in the shareholder register

Shares are registered in the shareholder register maintained by VPC in the name of either the owner or the owner's nominee. Shareholders who have not arranged to have their shares registered in the nominee's name are registered in their own names. Shareholders whose shares are managed by a third party may have chosen to have their shares registered in the nominee's name. In order to be able to participate in the Meeting, such shareholders who own nominee-registered shares must request in advance that their shares be temporarily registered in their own names as per April 9, 2008. Shareholders are advised to contact their nominee well in advance before April 9, 2008.

Notice of attendance

Notice of intention to participate in the Meeting can be made using one of the following alternatives:

- by post to AB Industrivärden (publ), Box 5403, SE-114 84 Stockholm, Sweden (see attached notification form)
- by phone at +46-8-666 64 00
- by fax at +46-8-661 46 28 (see attached notification form)
- by e-mail at agm@industrivarden.se, which requires the Company's confirmation by e-mail (within 24 hours) that notification has been registered
- by filling in the form on Industrivärden's website

Upon notification, shareholders must indicate their:

- name
- national ID number (or corporate registration number)
- address and phone number

Proxies

Shareholders may exercise their entitlement to participate in the Meeting by proxy. Please use the proxy statement provided on the notification form. For representation of legal persons by proxy, the proxy must be signed by an authorized signatory of the company/organization, and a copy of the registration certificate, which indicates the company's/organization's authorized signatories, must be attached. Proxies may not be older than one year. Proxy statements must be sent in or shown in original.

Dividend

The dividend for 2007 will be paid to shareholders who are recorded in the shareholder register on the record date. The Board of Directors proposes April 18, 2008, as the record date. Provided that the Annual General Meeting approves the Board's proposal, dividend payments are expected to be made via VPC on April 23, 2008.

Notification

Notification to attend the Annual General Meeting of AB Industrivärden (publ) on April 15, 2008 at 2 p.m., at the Grand Hotel in Stockholm, Sweden (Vinterträdgården room). This application form must be received by AB Industrivärden (publ) not later than 3 p.m. on April 10, 2008.

Affix
stamp
here

Shareholder's name (block letters)

National ID number/corp.reg.no.

Street address

Postal code and city/town/country

Phone (daytime)

Assistants, if any (names only)

- Attending meeting in person.
 Represented by proxy as per below.

Tear off this side along perforation at left, fold down center, and tape according to marking

Fold here

Proxy for

Proxy's name (block letters)

National ID number/corp.reg.no.

Street address

Postal code and city/town/country

Phone (daytime)

to represent all my shares in the Company at the Annual General Meeting of AB Industrivärden (publ) on April 15, 2008.

Location

Date

Shareholder's signature

Name (block letters)

Tape here

Svarspost
110 595 100

Industrivärden
SE-110 05 Stockholm
Sweden



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