

Interim Report

January 1 – June 30, 2006

- **IndustriVärden's net asset value on June 30, 2006, was SEK 49,390 M (38,401 on June 30, 2005), an increase of SEK 1,138 M since the start of the year. Net asset value on July 31, 2006, was SEK 47,703 M.**
- **Net asset value per share on June 30, 2006, was SEK 256 (199 on June 30, 2005), an increase of SEK 6 per share or 2% since the start of the year.** Earnings per share for the first six months of 2006 were SEK 12.94 (14.77).
- Net asset value per share on July 31, 2006, was SEK 247, a decrease of SEK 3 per share since the start of the year.** Average annual growth in net asset value over the last ten-year period, including reinvested dividends, was 16%.
- **During the last twelve-month period, the total return for IndustriVärden's Class A stock was 15%, and the total return for the Class C stock was 18%, compared with 17% for the return index.** The average annual total return over the last ten-year period was 5 percentage points higher than the return index.

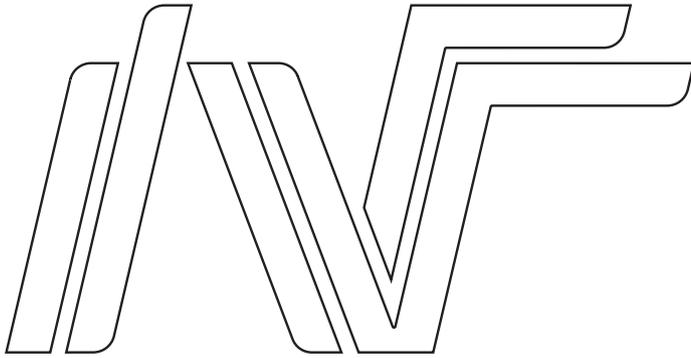
IndustriVärden in Summary

	Change, % July '05-July '06	Average annual change, %	
		Five years, July '01-July '06	Ten years, July '96.-July '06
Total return			
IndustriVärden Class A	15	9	18
Return index (SIXRX)	17	9	13
Excess return, IndustriVärden Class A	-2	0	5
Net asset value			
Net asset value	16	4	10
Net asset value incl. reinvested dividends	20	9	16



Composition of Net Asset Value

	SEK billion				SEK per share			
	2006 July 31	2006 June 30	2005 Dec. 31	2004 Dec. 31	2006 July 31	2006 June 30	2005 Dec. 31	2004 Dec. 31
Parent Company								
Equities portfolio	53.5	54.9	52.3	41.7	277	284	271	216
Net debt	-5.8	-5.5	-4.0	-5.1	-30	-28	-21	-27
Net asset value	47.7	49.4	48.3	36.6	247	256	250	189



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. Industrivärden's mission is to create shareholder value based on a professional investment operation and active ownership. The goal is to generate high growth in net asset value over time. Based on this, the aim is to deliver a total return to Industrivärden's shareholders that is higher, over time, than the average for the Stockholm Stock Exchange. For more information, visit our website: www.industrivarden.net.

CEO's Message

The global economy continues to show favorable development. There is concern for American consumer purchasing power in light of falling house prices and higher interest rates. The economy, however, shows continued growth although there are signs of weakening. The central banks, headed by the U.S. Federal Reserve, have therefore, which is natural and expected, raised short-term interest rates from low levels to curb inflation tendencies. Long-term rates, on the other hand, have not moved appreciably, leading to flatter yield curves. The state of world affairs, however, gives cause for concern. This applies in particular to the situation in the Middle East which has resulted, among other things, in record-high oil prices.

The world's stock markets have shown a strong negative trend since mid-May. Contributory factors are market uncertainty about future growth and raised risk premiums. Concern that the global economy has peaked and increased instability in the business environment are definitely other contributory factors.

Industrivärden's portfolio companies, in common with most other major Swedish companies, have published very strong interim reports in line with expectations. Industrivärden has a portfolio of fine, and in many cases, industrially leading companies. This allows the companies to take advantage of the opportunities created by the strong global economy, through internal efficiency enhancement activities and active market measures.

Despite this, our portfolio has been unable to withstand the recent turbulence on the stock markets. Our net asset value, which showed weak positive growth during the first half but then fell through July 31, has thus fallen 19% since the previous reporting date in May. However, our portfolio of high class companies, in which we exercise active ownership, is creating opportunities for a long-term favorable development.

Our portfolio company Handelsbanken had a strong first half and reported its best-ever second quarter. Key factors for success were improved net commissions and positive effects of the acquisition of SPP. It is especially positive that SPP is now showing a surplus.

Ericsson increased sales within all areas and the company's operating margin strengthened during the quarter. It is gratifying that Ericsson has succeeded in raising its market shares within mobile systems and advanced its position within services. The company is well positioned for the changes now taking place within the industry.

The half-year result of our short-term trading amounted to SEK 66 M (55) and well covered our management costs of SEK 39 M for the six month period. Management costs are unchanged for the fifth consecutive year and comprise 0.15% of assets under management. In conjunction with the redemption of stock options, we made complementary purchases of stock in a couple of our portfolio companies.

NET ASSET VALUE

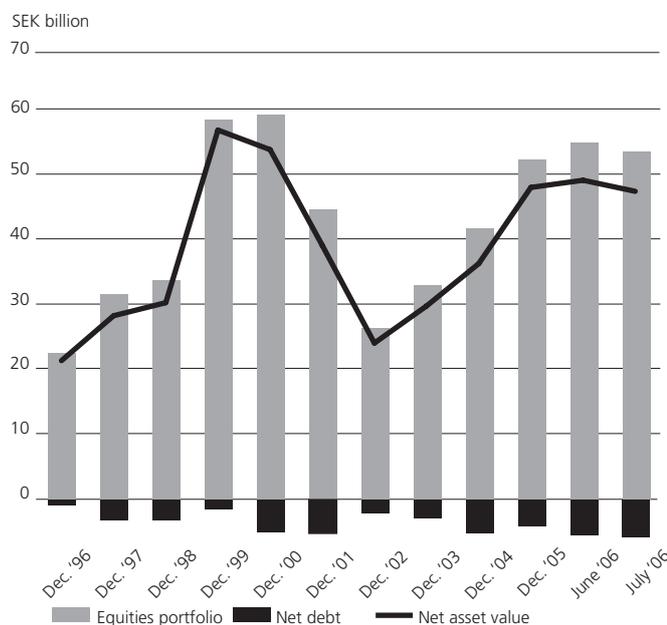
Net asset value has grown by an average of 10% per year over the last ten-year period. Including reinvested dividends, the average annual increase was 16%, compared with 13% for the return index.

Total growth in net asset value including reinvested dividends

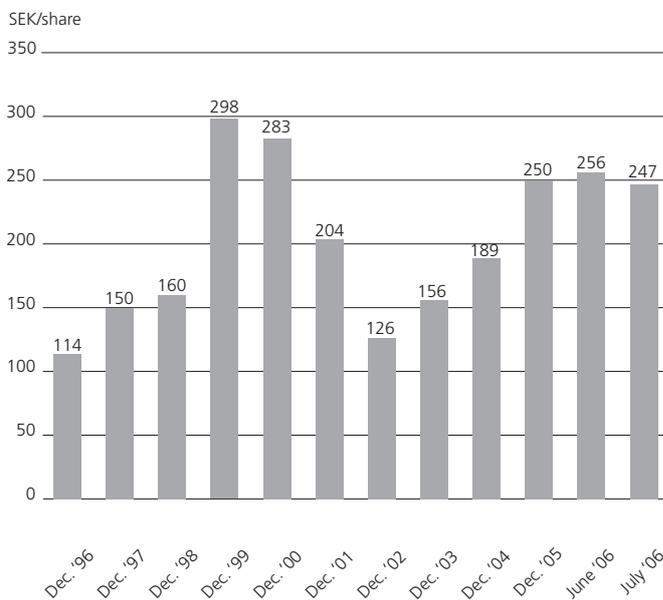
during the last ten-year period was 336%, compared with 247% for the return index.

Net asset value consists of the difference between the market value of the equities portfolio and net debt. Its development over the last ten-year period is shown in the charts below.

Development of Net Asset Value



Net Asset Value per Share



The value of the equities portfolio on June 30, 2006, was SEK 54,871 M (43,754). During the first six months of the year, stocks were purchased for SEK 2,551 M and sold for SEK 840 M.

Management costs amounted to SEK 39 M, which were amply covered by the surplus of SEK 66 M generated by short-term derivative transactions and equity trading. Net financial items amounted to SEK -95 M. Overall, net debt increased by SEK 1,468 M, to SEK 5,481 M, mainly due to net purchases of stocks, totaling SEK 1,711 M.

Net asset value at the end of June 2006 was SEK 49.4 billion, an increase of SEK 1.1 billion, or 2%, since the start of the year.

As per July 31, 2006, net asset value was SEK 47.7 billion, a decrease of SEK 0.6 billion during the year to date.

Development of Net Asset Value, SEK M		Jan. 1–June 30, 2006	Jan. 1–July 31, 2006
Net asset value, Dec. 31, 2005		48,252	48,252
<i>Equities portfolio</i>		52,265	52,265
	Opening value		
	Purchases	2,551	2,885
	Sales	-840	-840
	Change in value of equities portfolio:		
	SSAB	1,980	1,959
	Sandvik	1,268	130
	Indutrade	153	60
	Munters	73	93
	Höganäs	23	26
	SCA	-19	128
	Skanska	-323	-260
	Handelsbanken	-771	-991
	Ericsson	-1,433	-1,870
	Other stocks ¹	-56	895
	Closing value	54,871	53,515
<i>Net debt</i>		-4,013	-4,013
	Opening value		
	Dividend paid out	-1,352	-1,352
	Dividends received	1,728	1,728
	Management costs	-39	-45
	Net financial items	-95	-110
	Purchases/sales of stocks, net	-1,711	-2,045
	Other ¹	1	25
	Closing value	-5,481	-5,812
Net asset value		49,390	47,703

¹ Includes surplus of SEK 66 M from short-term derivative transactions and equity trading as per June 30, 2006, and a provision of SEK -51 M for a tax ruling.

Equities Portfolio²

The market value of Industrivärden's equities portfolio on June 30, 2006, was SEK 54,871 M (SEK 52,265 M at the start of the year), which exceeded cost by SEK 32,420 M (SEK 31,592 M at the start of the year). See the detailed portfolio specification as

per June 30, 2006, on page 7. The market value on July 31, 2006, was SEK 53,515 M. Taking into account purchases and sales, the change in value was -1% compared with the start of the year.

Company	As per June 30, 2006		Total return, % Jan,'06–June'06	Average annual total return, %		As per July 31, 2006	
	No. of shares	SEK M		Five years, June'01–June'06	Ten years, June'96–June'06	No. of shares	SEK M
Handelsbanken	67,000,000	12,429	-3	7	19	68,000,000	12,410
Sandvik	130,000,000	10,888	16	19	15	130,000,000	9,750
Ericsson	397,000,000	9,449	-12	-11	7	397,000,000	9,012
SCA	24,600,000	7,303	3	9	12	24,600,000	7,450
SSAB	41,844,927	6,005	53	42	23	41,844,927	5,984
Skanska	32,310,000	3,586	-4	6	14	33,320,000	3,765
Indutrade	14,857,800	1,475	15	–	–	14,857,800	1,382
Munters	3,400,000	818	12	9	–	3,400,000	838
Höganäs	3,550,000	635	7	3	4	3,550,000	639
Others		2,283					2,285
Total		54,871	5				53,515
Return index			5	8	13		

Of the shareholdings listed above, Munters and Höganäs have been held for less than five years, while Sandvik has been held for less than ten years, Indutrade became listed on the stock market in October 2005.

Handelsbanken's operating profit for the first half of the year improved as a result of – among other things – an improvement in net commissions and net financial items, mainly pertaining to SPP, which is consolidated starting in 2006. Net interest income was largely unchanged. Net commissions improved due to higher brokerage income and increased insurance commissions. The change in value of SPP's insurance portfolio had a positive effect on net financial items due to valuation at fair value. Recoveries exceeded loan losses for the fifth consecutive quarter. Return on equity improved considerably.

Sandvik's profit after financial items rose by 30% in the first half of the year as a result of higher sales volumes, improved productivity, a better product mix, a favorable price trend, and successful product launches. Order intake showed good growth. Sales in the Tooling business area increased in most markets, and the operating margin strengthened. Order intake in the Mining and Construction business area was strong and the operating margin increased. The trend also remained favorable for the Materials Technology business area. Cash flow improved markedly.

Ericsson's income after financial items for the first half of the year was level with the same period a year ago. The operating margin improved during the second quarter compared with the first quarter due to cost rationalizations, improved license sales, and success for half-owned Sony Ericsson which more than doubled its earnings for the first half. The strong development in the service sector continued. The integration of Marconi is proceeding

according to plan and the anticipated cost savings are expected to be achieved.

SCA's profit after financial items rose during the first half as a result of volume growth, higher prices, an improved product mix, and the effects of cost-cutting programs. These positive effects were partly counteracted by higher energy and raw material costs. Operations within primarily personal hygiene products, publication papers and solid-wood products contributed to the increased earnings. Initiated efficiency enhancement programs and market measures are proceeding according to plan.

SSAB's profit after financial items for the first half was level with the previous year's record earnings. Demand for SSAB's core niche products, extra and ultra high-strength steel sheet and quenched steel, remained strong. Deliveries of these products rose 20% and account for almost 40% of total sheet and plate deliveries from the steel operations. Production capacity for quenched steel is being gradually extended and will increase by approximately 20% over a three-year period. Cash flow excluding sold operations improved and largely corresponded to the redemption of shares for over SEK 2 billion carried out during the second quarter.

Skanska reported improved income after financial items with a particularly strong performance for its core Construction business. Order bookings rose substantially and conditions in the company's main markets remain favorable. During the second

² Pertains to the Parent Company's equities portfolio. Based on these holdings, short-term derivative transactions are also conducted. Industrivärden also conducts short-term equity trading through the subsidiary Nordinvest, which had shareholdings with a market value of SEK 124 M as per June 30, 2006.

quarter, a construction contract worth over SEK 13 billion was signed for a British hospital project.

Indutrade's earnings after financial items for the first half rose substantially. The gross margin improved due, among other things, to profitable acquisitions, higher demand and cost efficiency enhancements. Order bookings continued to show favorable growth.

Munters' earnings after financial items for the first quarter nearly doubled compared with a year ago. Volume growth was strong, and all three divisions improved their operating income as well as operating margins. Lars Engström has been appointed as new CEO. The interim report for the first half will be published on August 9.

Höganäs' income after net financial items for the first half was level with the preceding year. Excluding currency effects, operating income improved by 24%. Volume development was favorable in most markets, and continued growth is expected during the year.

Equity Transactions During the Year

During the first half of 2006, SSAB made an offer for redemption of shares, whereby Industrivärden sold all redemption rights. In June, a 5:1 split was carried out in Sandvik and a 3:1 split in SSAB. As a result, Industrivärden's shareholding in Sandvik increased to 130,000,000 shares and in SSAB to 41,844,927 shares.

During the second quarter of 2006, purchases of stocks totaled SEK 1,167 M and sales totaled SEK 783 M. Major purchases consisted of 20,000,000 Ericsson B, 1,000,000 SCA B and 1,905,350 shares in Tandberg Television ASA. Major sales consisted of 1,802,550 shares in Schibsted ASA (the entire holding) and 800,000 Volvo B.

During the first half of 2006, purchases of stocks totaled SEK 2,551 M and sales totaled SEK 840 M. Net purchases of stocks amounted to SEK 1,711 M, of which 5,633,550 shares in Tandberg Television ASA, 20,000,000 Ericsson B and 1,000,000 SCA B.

After the end of the reporting period, from July 1 through July 31, 2006, stocks were purchased for SEK 334 M. Major purchases consisted of 1,000,000 Handelsbanken A and 1,010,000 Skanska B. No stocks were sold.

Short-Term Derivative Transactions and Equity Trading

A profit of SEK 66 M (55) was generated from short-term trading.

Net Debt

The Parent Company's net debt was SEK 5.5 billion on June 30, 2006, including SEK 5.1 billion in interest-bearing net debt, corresponding to a net debt-equity ratio of 9.3% (7.0% at the start of the year), as shown in the specification below.

Interest-bearing net debt increased by SEK 1.4 billion compared with the start of the year, mainly due to net purchases of stocks.

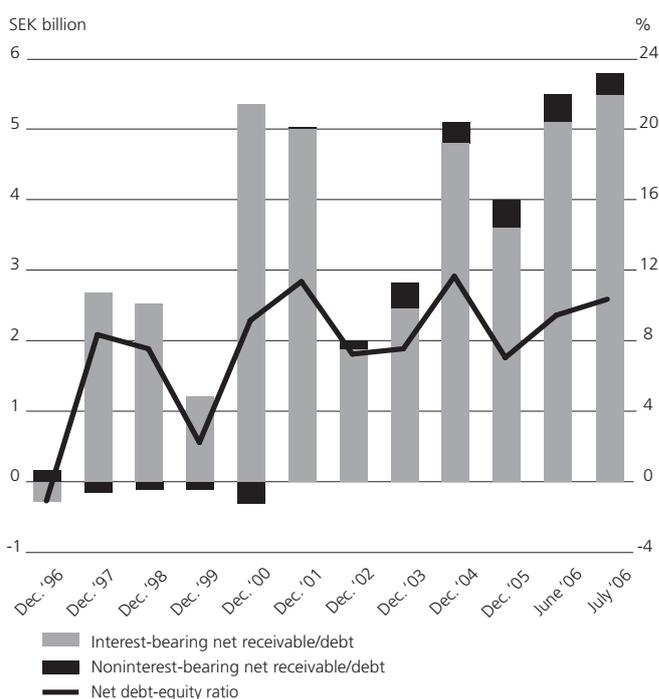
Net debt as per July 31, 2006, was SEK 5.8 billion, including SEK 5.5 billion in interest-bearing net debt.

Change in Interest-Bearing Net Debt

SEK M	Dec. 31 2004	Dec. 31 2005	June 30 2006	July 31 2006
Cash and cash equivalents	453	1,257	41	14
Current interest-bearing receivables	358	89	77	77
Long-term interest-bearing liabilities	4,102	3,870	3,471	3,471
Current interest-bearing liabilities	1,650	1,350	1,971	2,290
	4,941	3,874	5,324	5,670
Less: liabilities to subsidiaries	-143	-202	-215	-215
Interest-bearing net debt	4,798	3,672	5,109	5,455

Market value of equities portfolio	41,691	52,265	54,871	53,515
Net debt-equity ratio, %	11.5	7.0	9.3	10.2

Net Debt-Equity Ratio



EARNINGS

Group

Consolidated earnings from portfolio management amounted to SEK 2,676 M (2,888), including SEK 1,728 M (1,275) in dividend income, SEK 886 M (1,558) in change in value of stocks, SEK 66 M (55) from short-term derivative transactions and equity trading, and SEK -4 M (0) in other income and expenses. Earnings from other operations, pertaining primarily to the subsidiary Isaberg Rapid, totaled SEK 17 M (6). After SEK -39 M (-39) in management costs and SEK -96 M (-104) in net financial items, earnings after financial items were SEK 2,558 M (2,751). After tax of SEK -58 M (0) and earnings after tax from discontinued operations, totaling SEK - M (102) (pertaining to Indutrade), net earnings for the period were SEK 2,500 M (2,853). Reported tax includes an additional tax charge of SEK 51 M (as a result of a ruling by the Administrative Court of Appeal); similarly, net financial items include an additional interest charge of SEK 9 M. See note 3 on page 8.

The Group's interest-bearing net debt amounted to SEK 5.4 billion as per June 30, 2006, an increase of SEK 1.4 billion compared with the start of the year.

Parent Company

The Parent Company's earnings after financial items amounted to SEK 773 M (3,023), including SEK 1,728 M (1,275) in external dividend income, SEK 20 M (217) in internal dividend income, and SEK -837 M (1,669) in change in value of stocks and derivative transactions. When calculating *Change in value of stocks* in the Parent Company, the associated companies SCA, SSAB, Skanska and Indutrade are measured at cost according to the Annual Accounts Act, while in the Group they are measured at market value according to IFRS. Earnings also include management costs of SEK -39 M (-39), other income and expenses of SEK -4 M (0), and net financial items of SEK -95 M (-99).

OTHER INFORMATION

Accounting Principles

Starting on January 1, 2005, Industrivärden's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The accounting principles used in preparing this report are described in the 2005 Annual Report. This interim report is prepared in accordance with IAS 34 pursuant to the requirements made by Swedish Financial Accounting Standards Council recommendation RR 31 – Interim Financial Reporting for Groups, and for the Parent Company RR32 – Accounting for Legal Entities.

The amendments and interpretations of accounting recommendations introduced from January 2006 have not had any effect on the Group's or the Parent Company's financial position and earnings.

Stockholm, August 3, 2006

ANDERS NYRÉN

President and CEO

Auditors' Review Report

We have reviewed the Interim Report for AB Industrivärden (publ) for the period January 1 – June 30, 2006. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all essential respects, prepared in accordance with the Annual Accounts Act and IAS 34.

Stockholm, August 3, 2006

Öhrlings PricewaterhouseCoopers AB

ANDERS LUNDIN

Authorized Public Accountant

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Industrivärden's complete contact information can be found on page 1.

Financial Calendar

Interim report January–September 2006: October 31, 2006

Year-end report for 2006: February 15, 2007

The 2006 Annual Report will be published in early March 2007

Parent Company's Equities Portfolio

Holdings as per June 30, 2006	No. of shares	Value breakdown				Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		Market value		Cost SEK M	Surplus value SEK M			
		SEK M	SEK/share					
Handelsbanken A	67,000,000	12,429	64	4,524	7,905	23	10.5	10.7
Sandvik	130,000,000	10,888	56	5,379	5,509	20	11.0	11.0
Ericsson A	372,000,000	9,449	49	3,778	5,671	17	2.5	13.4
Ericsson B	25,000,000							
SCA A	16,000,000	7,303	38	2,779	4,524	13	10.2	28.9
SCA B	8,600,000							
SSAB A	41,844,927	6,005	31	906	5,099	11	16.5	21.5
Skanska A	15,010,000	3,586	19	1,580	2,006	7	7.8	27.0
Skanska B	17,300,000							
Indutrade	14,857,800	1,475	8	248	1,227	3	37.1	37.1
Volvo A	2,000,000	889	5	637	252	2	0.8	1.3
Volvo B	552,000							
Munters	3,400,000	818	4	614	204	1	13.6	13.6
Tandberg Television ASA	5,803,150	698	4	738	-40	1	7.2	7.2
Höganäs B	3,550,000	635	3	637	-2	1	10.1	8.1
Isaberg Rapid		220	1	205	15	0	100.0	100.0
Other		476	2	426	50	1		
Total as per June 30, 2006		54,871	284	22,451	32,420	100		

Market value pertains to Industrivärden's share of the portfolio company's total market value.

Share of capital and voting rights in Handelsbanken is calculated after cancellation of repurchased shares.

Share of capital and voting rights in SSAB is calculated after completed redemption program in spring 2006.

Shareholding in Sandvik increased through 5:1 split, and in SSAB through 3:1 split.

Share of capital and votes includes the Parent Company's outstanding OTC options in Handelsbanken, SCA, Skanska, SSAB and Volvo.

Valuation of the subsidiary Isaberg Rapid is provided in a definition on page 11.

Total number of Industrivärden shares outstanding: 193,135,612.

Holdings as per Dec. 31, 2005	No. of shares	Value breakdown				Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		Market value		Cost SEK M	Surplus value SEK M			
		SEK M	SEK/share					
Handelsbanken A	67,000,000	13,199	68	4,524	8,675	25	10.0	10.3
Ericsson A	372,000,000	10,367	54	3,262	7,105	20	2.3	13.3
Ericsson B	5,000,000							
Sandvik	26,000,000	9,620	50	5,365	4,255	18	11.3	11.3
SCA A	16,000,000	7,009	36	2,466	4,543	13	10.2	28.9
SCA B	7,600,000							
SSAB A	14,200,000	4,104	21	915	3,189	8	15.6	20.4
Skanska A	15,000,000	3,908	20	1,579	2,329	8	7.7	26.9
Skanska B	17,300,000							
Indutrade	14,857,800	1,322	7	248	1,074	3	37.1	37.1
Volvo A	1,900,000	880	5	553	327	2	0.6	1.2
Volvo B	500,000							
Munters	3,400,000	745	4	614	131	1	13.6	13.6
Höganäs B	3,400,000	585	3	609	-24	1	9.7	7.7
Isaberg Rapid		205	1	205	-	0	100.0	100.0
Other		321	2	333	-12	1		
Total as per Dec. 31, 2005		52,265	271	20,673	31,592	100		

Development from

January 1–June 30, 2006:

Purchases	2,551
Sales	-840
Change in value	895

Market value as per June 30, 2006 54,871

Industrivärden Consolidated Income Statement

SEK M	2006 April–June	2005 April–June	2006 Jan.–June	2005 Jan.–June	2005 Jan.–Dec.
Portfolio management					
Dividend income from stocks	1,728	1,275	1,728	1,275	1,275
Change in value of stocks	-6,482	1,555	886	1,558	12,937
Short-term derivative transactions and equity trading	-1	18	66	55	122
Other income and expenses	-2	0	-4	0	0
Earnings from portfolio management	-4,757	2,848	2,676	2,888	14,334
Other operations					
Net sales	222	219	460	437	894
Cost of goods sold	-151	-137	-295	-281	-583
Development costs	-5	-8	-11	-15	-25
Selling costs	-42	-45	-92	-91	-184
Administrative costs	-21	-25	-41	-43	-80
Other operating income and expenses	-3	-2	-4	-1	0
Earnings from other operations	0	2	17	6	22
Management costs	-19	-19	-39	-39	-78
Operating earnings	-4,776	2,831	2,654	2,855	14,278
Interest income	6	2	12	6	13
Interest expenses	-51	-51	-108 ³	-110	-230
Other financial items	0	0	0	0	-14
Earnings after financial items	-4,821	2,782	2,558	2,751	14,047
Tax	1	2	-58³	0	-7
Earnings for the period for continuing operations	-4,820	2,784	2,500	2,751	14,040
Earnings for the period for discontinued operations⁴	-	67	-	102	162
Net earnings for the period	-4,820	2,851	2,500	2,853	14,202
Depreciation included in operating earnings	12	11	23	23	42
Earnings per share, SEK ⁵	-24.96	14.76	12.94	14.77	73.54
Breakdown by business unit					
Earnings after financial items					
Portfolio management	-4,820	2,791	2,542	2,759	14,038
Other operations	-1	-9	16	-8	9
	-4,821	2,782	2,558	2,751	14,047
Discontinued operations⁴	-	91	-	141	225
Group	-4,821	2,873	2,558	2,892	14,272

³ For 2006 includes tax charge of SEK 51 M plus interest of SEK 9 M, pursuant to a ruling by the Administrative Court of Appeal. The tax amount pertains to the tax years 1998–2002 on standard-calculated earnings for shares in subsidiaries. According to the tax laws currently in effect, no standard-calculated level of earnings is assessed for shares in subsidiaries.

⁴ Earnings from discontinued operations pertain to Indutrade until October 5, 2005, which is the date on which the company became listed on the stock exchange.

	H1 2006	H1 2005	H1–Oct. 2005
Net sales	–	1,823	2,763
Expenses	–	-1,682	-2,538
Earnings after financial items	–	141	225
Tax	–	-39	-63
Earnings for the period	–	102	162

⁵ Net earnings for the period divided by 193,135,612 shares. There is no dilutive effect.

Industrivärden Consolidated Balance Sheet

SEK M	June 30 2006	June 30 2005	Dec. 31 2005
Intangible fixed assets	79	89	83
Tangible fixed assets	223	246	228
Equities	54,511	41,302	51,910
Other financial fixed assets	18	9	12
Assets in discontinued operations ⁶	–	1,862	–
Inventories	187	218	197
Accounts receivable, trade	208	213	239
Other current assets	172	704	185
Cash and cash equivalents	100	138	1,307
Total assets	55,498	44,781	54,161
Shareholders' equity	49,373	36,899	48,227
Long-term noninterest-bearing liabilities	36	35	43
Long-term interest-bearing liabilities	3,639	4,930	4,037
Current noninterest-bearing liabilities	600	560	608
Current interest-bearing liabilities	1,850	1,109	1,246
Liabilities in discontinued operations ⁶	–	1,248	–
Total shareholders' equity and liabilities	55,498	44,781	54,161

⁶ Pertains to Indutrade.

Change in Consolidated Shareholders' Equity

SEK M	2006 Jan.–June	2005 Jan.–June	2005 Jan.–Dec.
Opening shareholders' equity	48,227	35,175	35,175
Dividend to shareholders	-1,352	-1,159	-1,159
Translation differences	-2	30	9
Net earnings for the period	2,500	2,853	14,202
Closing shareholders' equity	49,373	36,899	48,227
Shareholders' equity per share, SEK	256	191	250

Industrivärden Consolidated Statement of Cash Flows

SEK M	2006	2005	2005
	Jan.–June	Jan.–June	Jan.–Dec.
OPERATING ACTIVITIES			
Operating cash flow from portfolio management	1,767	1,376	1,510
Operating cash flow from other operations	39	27	26
Management costs paid	-39	-38	-79
Financial items, net	-100	-120	-235
CASH FLOW FROM OPERATING ACTIVITIES	1,667	1,245	1,222
INVESTING ACTIVITIES			
Cash flow from investments in portfolio management ⁷	-1,711	-548	941
Cash flow from investments in other operations	-18	-21	-49
CASH FLOW FROM INVESTING ACTIVITIES	-1,729	-569	892
FINANCING ACTIVITIES			
Loans raised and amortization of debt	208	-211	-478
Dividend paid out	-1,352	-1,159	-1,159
CASH FLOW FROM FINANCING ACTIVITIES	-1,144	-1,370	-1,637
CASH FLOW FROM DISCONTINUED OPERATIONS⁸	–	264	283
NET CASH FLOW FOR THE PERIOD	-1,206	-430	760
Cash and cash equivalents at start of year	1,307	625	625
Less: cash and cash equivalents in discontinued operations	–	–	-83
Exchange rate difference in cash and cash equivalents	-1	6	5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	100	201	1,307
Of which cash and cash equivalents in discontinued operations		63	
Of which cash and cash equivalents in continuing operations		138	

⁷ Pertains to changes in the Parent Company's equities portfolio.

⁸ Cash flow pertaining to discontinued operations pertains to Indutrade until October 5, 2005, which is the date on which the company became listed on the stock exchange.

	H1	–Oct. 5
	2005	2005
Cash flow from:		
- operating activities	40	147
- investing activities	-158	-184
- financing activities	81	19
Net cash flow for the period	-37	-18

Cash flow from:		
- operating activities	40	147
- investing activities	-158	-184
- financing activities	81	19
Net cash flow for the period	-37	-18

Of which, dividend, etc. to Industrivärden	301	301
Cash flow from discontinued operations	264	283

⁹ Pertains to Indutrade.

Change in Interest-Bearing Net Debt

SEK M	2006	2005	2005
	Jan.–June	Jan.–June	Jan.–Dec.
Interest-bearing net debt at start of year	3,970	5,392	5,392
Net cash flow for the period	1,206	430	-760
Change in borrowings	208	-211	-478
Other changes	4	-1	3
Change pertaining to discontinued operations ⁹	–	378	-187
Interest-bearing net debt at end of period	5,388	5,988	3,970

Definitions

Market value of equities portfolio

The market value of the equities portfolio is defined as the market value of the listed portfolio (based on the market price on the balance sheet date) and shareholders' equity for subsidiaries.

Net debt

Net debt is defined as the Parent Company's interest-bearing and noninterest-bearing net debt.

Net debt-equity ratio

The Parent Company's interest-bearing net debt in relation to the market value of the Parent Company's equities portfolio.

Interest-bearing net debt

Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables, and for the Parent Company, also adjusted for liabilities to subsidiaries.

Net asset value

The market value of the Parent Company's equities portfolio less net debt.

Net asset value including reinvested dividends

The development of net asset value including reinvested dividends after tax, recalculated taking into account the development 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 earnings, since dividends rendered are tax-deductible.

Total return

Price trend plus reinvested dividends.

Change in value of equities

For equities held at both the start and end of the period, the change in market value consists of the difference in value between these two occasions. For equities sold during the period, the change in market value consists of the difference between the value at the start of the period and the payment price received. For equities acquired during the period, the change in market value consists of the difference between the cost of the equities and their value at the end of the period.

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