

The information provided herein is such that AB Industrivärden (publ) is obligated to disclose pursuant to the Securities and Clearing Operations Act (SFS 1992:543) and/or the Financial Instruments Trading Act (SFS 1991:980). Submitted for publication at 11 a.m. on February 13, 2008.

# Year-End Report 2007

- Net asset value on December 31, 2007, was SEK 54,837 M (58,511), or SEK 142 per share (151), a decrease of SEK 3,674 M. Including reinvested dividends, net asset value decreased by 3%, which was in parity with the return index. Thus far in 2008, net asset value has decreased by SEK 6,924 M, and was SEK 47,913 M (SEK 124 per share) on February 12, 2008.
- Consolidated net income for 2007 totaled SEK -1,942 M (SEK -5.03 per share), compared with SEK 11,621 M for 2006 (SEK 30.09 per share).
- The total return in 2007 was -14% for the Class A shares, mainly due to a higher discount to net asset value.
- During the year, share purchases totaled SEK 8,834 M, of which SEK 4,216 M was in Volvo A. Shares worth a total of SEK 2,275 M were purchased in SSAB's rights issue. Shares were sold for SEK 2,124 M.
- Short-term trading generated a profit of SEK 142 M (173) during the year, which amply covered management costs.
- The Board proposes a dividend of SEK 5.00 per share (4.50), an increase of 11%.

## Annual Average Total Return

	Industrivärden Class A	Index (SIXRX)	Excess return %-pts/yr.
1 year (full year 2007)	-14%	-3%	-11
5 yrs. (2003-2007)	22%	22%	+0
10 yrs. (1998-2007)	12%	10%	+2
15 yrs. (1993-2007)	19%	16%	+3

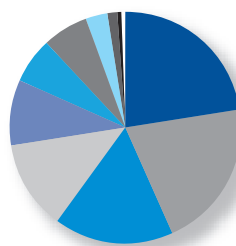
## Total Return for Industrivärden Compared with the Return Index



## Composition of Net Asset Value

	SEK billion			
	2008 Feb. 12	2007 Dec. 31	2006 Dec. 31	2005 Dec. 31
Equities portfolio	59.0	65.8	63.3	52.3
Net debt	-11.1	-11.0	-4.8	-4.0
Net asset value	47.9	54.8	58.5	48.3

## Equities Portfolio, February 12, 2008



	Market value, SEK bn	Share, %
Sandvik	13.3	23
Handelsbanken	12.1	21
SSAB	10.1	17
SCA	7.3	12
Ericsson	5.3	9
Volvo	4.0	7
Skanska	3.7	6
Indutrade	1.9	3
Munters	0.7	1
Höganäs	0.4	1
Hemtex	0.2	0
<b>Total</b>	<b>59.0</b>	<b>100</b>

## CEO'S MESSAGE

2007 and the start of 2008 have been characterized by a volatile stock market trend and anxiety in the financial markets. 2007 began with a continued rise in the stock market as a result of a strong global growth scenario, but ended with negative returns due to a deflated credit and liquidity bubble in the international financial market. This gave rise to pervasive concerns that the subsequent credit tightening would lead to a recession in the U.S., with a negative impact on the entire world economy.

Our net asset value and stock performed well up until July, after which they dropped sharply. Net asset value including reinvested dividends ended the year down 3%, which was on a par with the return index. However, our stock performed below the index due to a doubling in the discount to net asset value, from 10% to 20%. The total return was -14% for the Class A shares and -15% for the Class C shares, compared with -3% for the return index. Over the long term, however, Industrivärden's stock has been a good investment and has generated substantial excess returns compared with the return index.

Industrivärden's business mission is to generate favorable returns for its shareholders by serving as an active owner and thereby contribute to growth in value in a concentrated portfolio of well positioned companies. Examples of this can be seen in a number of activities that were carried out in 2007 by our portfolio companies.

SSAB acquired the North American steel manufacturer IPSCO. The acquisition enhances SSAB's ambition to continue developing its strategy to be a dominant global player in quenched and high strength steels.

Handelsbanken sharpened its focus on growth of its core business through the sale of SPP. The deal further strengthens the bank's already favorable capital base.

SCA continued its work on developing its business, entailing the sale of its U.S. packaging business and the acquisition of Procter & Gamble's European tissue operation.

Ericsson made a couple of significant acquisitions in 2007 to strengthen its strategic base in its infrastructure business as well as in the new Multimedia business unit. Ericsson performed well as a company, especially compared with its competitors. However, last year was a disappointment for us as a shareholder, since the company's stock dropped by more than 40%. Our view is that, with its leading position, Ericsson is well equipped to meet future demand for communication solutions for speech, data, music and images.

In 2007 we bought stocks for SEK 8.8 billion and sold for SEK 2.1 billion – thus net purchases of SEK 6.7 billion. Among other measures, we invested SEK 2.3 billion in SSAB's rights issue and increased our holding in Volvo by SEK 4.2 billion. Major sales were of Tandberg Television, Sandvik redemption shares and Isaberg Rapid.

As a result of share purchases made during the year, our interest-bearing net debt increased by SEK 6.4 billion to SEK 11.0 billion, bringing our debt-equity ratio to 16.6% at year-end. Most of our debt portfolio is long-term, and the interest rates on our new loans are fixed for an average of five years. The additional interest expense is less than the dividends generated by our new purchases of stock in SSAB and Volvo.

Our short-term trading in 2007 generated a profit of SEK 142 M (173), which is satisfactory considering the high volatility in the market during the second half of the year. This covered our management costs by a good margin.

For 2007 the Board has proposed raising the dividend by 11% (29%) to SEK 5.00 per share (4.50). This proposal entails that we once again will have achieved our goal of paying a dividend that exceeds the average for the Stockholm Stock Exchange at the same time that we achieve a balance in our operating cash flow.

Through active ownership in internationally active quality companies, most of which are leaders in their respective industries, I believe that we have good prospects to create value and continue delivering competitive returns to our shareholders.

ANDERS NYRÉN

## NET ASSET VALUE

Net asset value was SEK 54.8 billion on December 31, 2007, a decrease of SEK 3.7 billion for the year.

The value of the equities portfolio on December 31, 2007, was SEK 65,844 M (63,325 at the start of the year). During the year, stocks were purchased for SEK 8,834 M and sold for SEK 2,124 M.

Net debt increased by SEK 6,193 M to SEK 11,007 M, mainly due to net purchases of stocks totaling SEK 6,710 M.

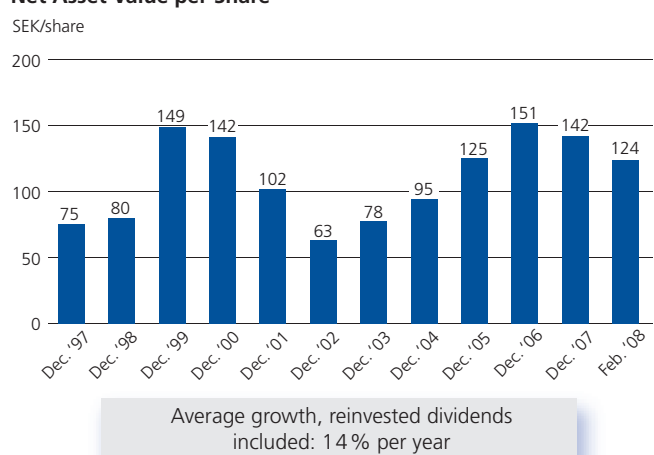
Net asset value per share decreased during the year by SEK 9, to SEK 142 per share, which corresponds to a decrease of 3% after factoring in reinvested dividends.

Average annual growth in net asset value during the last ten-year period was 7%. Including reinvested dividends, the average annual increase would have been 14%, compared with 10% for the return index.

Total growth in net asset value including reinvested dividends during the last ten-year period was 284%, compared with 157% for the return index.

As per February 12, 2008, net asset value was SEK 47.9 billion, a decrease of SEK 6.9 billion for the year to date. A specification of the development in net asset value can be found in the table on page 6.

### Net Asset Value per Share



Net asset value consists of the difference between the market value of the equities portfolio and net debt.

## Equities Portfolio

The market value of Industrivärden's equities portfolio on December 31, 2007, was SEK 65,844 M, compared with SEK 63,325 M at the start of the year. The market value on February 12, 2008, was SEK 58,993 M. A detailed breakdown of the portfolio at various points in time is provided in the tables on page 6.

### Total Return for Portfolio Companies

	Average annual total return, %		
	Total return, % Full year 2007	Five years, 2003 – 2007	Ten years, 1998 – 2007
SSAB	21	47	22
Volvo	20	40	15
Sandvik	17	29	14
Handelsbanken	4	16	12
SCA	0	7	11
Skanska	-5	25	11
Indutrade	-7	-	-
Munters	-21	7	16
Höganäs	-21	-1	1
Ericsson	-43	15	-5
<b>Total</b>	<b>-2</b>		
Index (SIXRX)	-3	22	10

Of the shareholdings listed above, Munters and Höganäs have been held for less than five years. Indutrade was listed on the stock exchange in October 2005. The total return for Sandvik, Volvo and Munters in 2007 includes payment received for redemption shares.

**Sandvik** Income after financial items increased 17% in 2007. The earnings improvement was credited to higher sales volumes, an improved product mix, a positive price trend and efficiency improvement measures. Sales as well as operating income increased in all business areas, most notably in the Mining and Construction business area. Order intake remained strong and accelerated further during the fourth quarter. Businesses were acquired in 2007 for approximately SEK 6.2 billion, with a total effect of SEK 2.8 billion on invoiced sales during the year. The board has proposed raising the dividend by 23% to SEK 4.00 per share.

**Handelsbanken** In December 2007 SPP was sold to the Norwegian company Storebrand for SEK 18 billion, which strengthened Handelsbanken's already solid finances and gave it more room to maneuver. Operating income increased 10% for the first nine months of the year. Net interest income improved, mainly due to larger business volumes. Net fee and commission income also increased. The branch activities outside Sweden showed significant improvements in operating income. Twenty new branches were opened, mainly outside Sweden. Handelsbanken's year-end report will be published on February 27.

**SSAB** The North American steel company IPSCO, which was acquired for approximately SEK 50 billion, has been integrated according to plan and is creating conditions for continued strong development of SSAB's niche products. Income after financial items for 2007 increased 35%, excluding nonrecurring items related to the acquisition. Sales grew 53% for the year, of which IPSCO accounted for 43 percentage points. Deliveries of the Swedish steel operation's core niche products – quenched steels and advanced high strength sheet – increased by 14% and together accounted for 45% of deliveries. The board has proposed raising the dividend by 11% to SEK 5.00 per share.

**SCA** Income after financial items for the full year 2007 improved by slightly more than 20%, mainly due to volume growth, higher prices and an improved product mix. Earnings were particularly strong for the Packaging operations, but the Forest Products and Tissue operations also made a positive contribution. The newly acquired tissue operation from Procter & Gamble has strengthened SCA's leading position in Europe and contributed to the earnings growth. SCA's efficiency-improvement program has unfolded well and had full impact in 2007. The board has proposed a dividend of SEK 4.40 per share, corresponding to an increase of 10%.

**Ericsson** Ericsson gained significant market shares in 2007 and increased the proportion of sales derived from expansion of mobile networks in emerging markets. At the same time, demand has fallen for network expansions and upgrades in mature markets. New projects have initially lower margins than upgrades, generating lower operating income. Structural measures to strengthen Ericsson's long-term competitiveness are expected to yield savings of SEK 4 billion starting in 2009. Half-owned Sony Ericsson showed continued profitable growth. The board has proposed an unchanged dividend of SEK 0.50 per share.

**Volvo** Important acquisitions made during the year by the Trucks (Nissan Diesel) and Construction Equipment (Ingersoll Rand and the Chinese company Lingong) business units have given Volvo a strong presence in Asia. Sales growth was strong in Europe and Asia, while sales were down in North America. Volvo Group's income after financial items improved. The operating margin narrowed slightly, partly due to integration costs for the acquired companies. Volvo's key Trucks and Construction Equipment business units reported improved operating income. The board has proposed an increase in the dividend by 10% to SEK 5.50 per share.

**Skanska** Income after financial items improved, mainly for the core Construction business stream, which beat its operating margin target. Net sales increased and the order backlog was strong. The value-creating Commercial Development and Infrastructure Development units showed a surplus value of SEK 8.4 billion (5.7). Johan Karlström will take office as CEO at the AGM in April. The board has proposed raising the ordinary dividend by 11% to SEK 5.25 per share, plus payment of an extra dividend of SEK 3.00 (3.50) per share.

**Indutrade** Indutrade carried out 13 company acquisitions in 2007, in the course of which the U.K. became a new market. Income after financial items increased more than 45% during the first three quarters of 2007 as a result of strong volume growth and limited cost increases. Order bookings showed continued good growth. Indutrade's year-end report will be released on February 15.

**Munters** Sales growth in local currency was 10% during the period January–September 2007, of which organic growth accounted for 5 percentage points. Operating earnings increased but were hurt by higher overheads and structural costs in the MCS division. Munters' year-end report will be published on February 20.

**Höganäs** Income after net financial items increased, and volume development was favorable. The board has proposed an unchanged dividend of SEK 6.25 per share and a 2:1 stock split with automatic redemption of SEK 15 per redemption share.

### Dividends Received and Redemption Shares

Dividend income amounted to SEK 2,107 M (1,733), an increase of 22%. Redemption shares were issued by Munters, Sandvik and Volvo. Total proceeds earned from redemptions was SEK 571 M. The aggregate dividend yield of the equities portfolio was thus 4.1% (2.7%).

### SSAB rights issue

SSAB carried out a rights issue as part of the financing of its acquisition of the North American steel company IPSCO. Industrivärden subscribed for its allotment, corresponding to 10,697,302 Class A shares and 17,500 Class B shares, plus an additional 2,943,732 Class A shares and 34,294 Class B shares, of which 2,750,000 Class A shares with the support of acquired subscription rights. In all, shares and subscription rights valued at SEK 2,275 M were acquired.

### Equity Transactions in 2007

In 2007, purchases of stocks totaled SEK 8,834 M and sales totaled SEK 2,124 M, gross. Stocks were purchased for a net total of SEK 6,710 M. Major net purchases consisted of 31,366,650 Volvo A, 14,597,025 SSAB A, and 6,431,200 Sandvik. Major net sales consisted of 5,963,150 shares in Tandberg Television and 134,700,000 redemption shares in Sandvik.

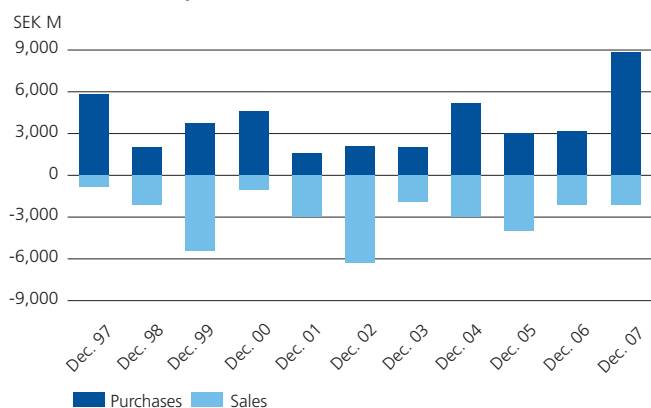
Net purchases	No. shares	SEK M
Volvo A (after 5:1 split)	31,366,650	4,216
SSAB A (including rights issue)	14,597,025	2,489
Sandvik	6,431,200	768
Other		815
<b>Total</b>		<b>8,288</b>

Net sales	No. shares	SEK M
Tandberg Television	5,963,150	728
Sandvik redemption shares	134,700,000	404
Isaberg Rapid		200
Other		246
<b>Total</b>		<b>1,578</b>

After year-end 2007, from January 1 through February 12, 2008, no stocks were purchased or sold.

Investments in the equities portfolio during the last ten-year period are shown in the chart below.

### Investments in Equities Portfolio



### Net Debt

As per December 31, 2007, net debt was SEK 11.0 billion. Interest-bearing net debt was SEK 11.0 billion, corresponding to a net debt-

equity ratio of 16.6% (7.2% at the start of the year).

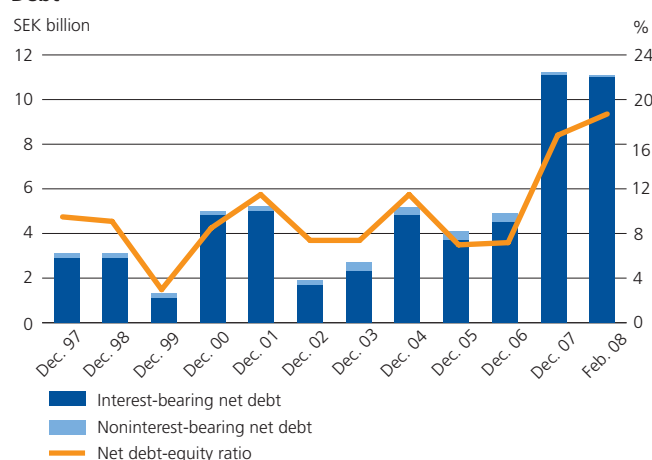
Interest-bearing net debt increased by SEK 6.4 billion in 2007, mainly due to net purchases of stocks.

Net debt as per February 12, 2008, was SEK 11.1 billion, including SEK 11.0 billion in interest-bearing net debt.

### Change in Interest-Bearing Net Debt

SEK M	Feb. 12 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005
Cash and cash equivalents	248	257	738	1,257
Interest-bearing receivables	65	65	2	89
Non-current interest-bearing liabilities	9,857	9,857	2,778	3,870
Current interest-bearing liabilities	1,480	1,416	2,505	1,148
<b>Interest-bearing net debt</b>	<b>11,024</b>	<b>10,951</b>	<b>4,543</b>	<b>3,672</b>
Market value of equities portfolio	58,993	65,844	63,325	52,265
<b>Net debt-equity ratio, %</b>	<b>18.7</b>	<b>16.6</b>	<b>7.2</b>	<b>7.0</b>

### Debt



### SHORT-TERM EQUITY TRADING

A profit of SEK 142 M (173) was generated from short-term derivative and equity trading.

### EARNINGS

#### 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 and equity trading, management costs of SEK -86 M (-81), and SEK -1 M (-4) in other income and expenses. After net financial items, totaling SEK -289 M (-187), tax of SEK 160 M (-73) and earnings after tax from discontinued operations, totaling SEK - M (23) (pertaining to Isaberg Rapid in 2006), net income for the year was SEK -1,942 M (11,621).

#### Parent Company

The Parent Company's operating income amounted to SEK -1,272 M (6,533), including SEK 2,107 M (1,733) in external dividend income, SEK 46 M (110) in internal dividend income, SEK -3,337 M (4,776) in change in value of stocks and derivative transactions, management costs of SEK -86 M (-81), and SEK -2 M (-5) in other income and expenses. After net financial items of SEK -276 M (-190), and tax of SEK 165 M (-51), net income for the year was SEK -1,383 M (6,292).

<sup>1</sup> In calculating the change in value of shares in the Parent Company, the associated companies SCA, SSAB, Skanska and Indutrade are carried at cost in accordance with the Swedish Annual Accounts Act, while in the Group they are carried at market value in accordance with IFRS.

## OTHER INFORMATION

### Dividend

The Board proposes a dividend of SEK 5.00 per share (4.50), and April 18, 2008, as the record date. This corresponds to a total dividend payout of SEK 1,931 M.

### Ruling by the Supreme Administrative Court

In a ruling handed down on November 6, 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 as well as SEK 54 M in back interest could be dissolved.

### Stock Option Program

At the 2008 Annual General Meeting, the Board has decided to propose a five-year stock option program for the slightly more than 20 persons employed by the Group. The employees will be offered, at market terms, to acquire stock options that entitle them to buy Class C shares in Industrivärden. The program will be hedged through a share swap agreement and will not entail any dilution. To encourage participation in the program, Industrivärden will subsidize the program.

### Accounting Principles

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in compliance with the requirements set out by the Swedish Accounting Standards RR 31 – Interim Financial Reporting for Groups and, with respect to the Parent Company, RR32:06 – Accounting for Legal Entities.

The amendments and interpretations of accounting standards introduced with effect from January 1, 2007, have not had any effect on the financial position and earnings. In other respects, the same accounting principles have been used in preparing this year-end report as those used for the 2006 Annual Report.

### 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.

Stockholm, February 13, 2008

THE BOARD OF DIRECTORS

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### Contact Information

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

### Financial Calendar

The 2007 Annual Report will be published in mid-March 2008 and will be sent to shareholders upon request and will also be available at the Company's head offices at Storgatan 10 in Stockholm.  
The Annual General Meeting will be held at the Grand Hotel in Stockholm on April 15, 2008.  
Interim report January–March: May 5, 2008  
Interim report January–June: August 4, 2008  
Interim report January–September: October 31, 2008

### Auditors' Review Report

We have reviewed the Interim Report for AB Industrivärden (publ) for the period January 1–December 31, 2007. The Board of Directors and President are responsible for the preparation and presentation of this Interim Report in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express a conclusion on this Interim Report based on our review.

We conducted our review in accordance with the Swedish standard for such reviews, SÖG 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR, the institute of the accountancy profession in Sweden. 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 Interim Report is not prepared, in all material respects, in accordance with the Annual Accounts Act and IAS 34.

Stockholm, February 13, 2008

Öhrlings PricewaterhouseCoopers AB

ANDERS LUNDIN

*Authorized Public Accountant*

### Nominating Committee's Proposals for the Board of Directors

Industrivärden's 2007 Annual General Meeting assigned the Chairman of the Board with the task of contacting four shareholders from among the largest registered shareholders in terms of votes in VPC's printout of the shareholder register on August 31, 2007, who each appoint one representative who is not a director on the Company's board, to form together with the Chairman of the Board a nominating committee for the time until a new nominating committee has been appointed based on the mandate from the next Annual General Meeting.

Accordingly, the following persons have been appointed as members of the Nominating Committee: Tom Hedelius (Chairman of Industrivärden), Bo Damberg (the Jan Wallanders and Tom Hedelius Foundation), Curt Källströmer (Handelsbanken Pension Foundation and Handelsbanken Pension Fund – committee chair), Ulf Lundahl (L E Lundbergföretagen) and Anders Nyberg (SCA Pension Foundation and others).

The Nominating Committee has proposed to the Annual General Meeting that Boel Flodgren, Lars O Grönstedt, Tom Hedelius, Finn Johnsson, Fredrik Lundberg, Sverker Martin-Löf, Lennart Nilsson and Anders Nyrén be re-elected to serve on the Company's board. In addition, the Committee has proposed that Tom Hedelius be elected as Chairman of the Board at the Annual General Meeting. Shareholders who together represent approximately 70% of the total number of votes in the Company intend to support the Nominating Committee's proposals.

## Development of Net Asset Value

SEK M	Jan. 1–Feb. 12, 2008			Jan.1–Dec. 31, 2007			Jan.1–Dec. 31, 2006		
<b>Net asset value at start of period</b>	<b>54,837</b>			<b>58,511</b>			<b>48,252</b>		
<i>Equities portfolio</i>	<b>65,844</b>			<b>63,325</b>			<b>52,265</b>		
Opening value									
Purchases	–			8,834			3,193		
Sales	–			-2,124			-2,072		
Change in value of equities portfolio:									
Sandvik	-1,842			1,879			3,315		
SSAB	113			644			2,775		
Handelsbanken	-2,086			-10			676		
Höganäs	-44			-152			25		
Indutrade	100			-172			684		
Munters	-112			-243			342		
SCA	-1,049			-269			1,553		
Skanska	-400			-437			458		
Volvo	-935			-635			290		
Ericsson	-546			-4,668			48		
Other equities	-50	-6,851	<b>-6,851</b>	-128	-4,191	<b>2,519</b>	-227	9,939	<b>11,060</b>
Closing value	<b>58,993</b>			<b>65,844</b>			<b>63,325</b>		
<i>Net debt</i>	<b>-11,007</b>			<b>-4,814</b>			<b>-4,013</b>		
Opening value									
Dividend paid out	–			-1,738			-1,352		
Dividends received	–			2,107			1,733		
Management costs	-10			-86			-81		
Net financial items	-50			-271			-190		
Purchases/sales of stocks, net	–			-6,710			-1,121		
Other	-13			505			210		
Closing value	<b>-11,080</b>			<b>-11,007</b>			<b>-4,814</b>		
<b>Net asset value at end of period</b>	<b>47,913</b>			<b>54,837</b>			<b>58,511</b>		

The item "Other" pertains primarily to surpluses from short-term derivative and equity trading as well as the dissolution of a tax liability as a result of the favorable ruling by the Supreme Administrative Court.

## Equities Portfolio

February 12, 2008	No. of shares	Market value		Cost SEK M	Surplus value SEK M	Share of portfolio value, %	Share of capital in company, %	Share of votes in company, %
		SEK M	SEK/share					
Sandvik	136,431,200	13,336	35	6,147	7,189	23	11.5	11.5
Handelsbanken A	68,285,000	12,073	31	4,958	7,115	21	10.9	11.1
Handelsbanken B	118,9005,849							
SSAB A	56,430,243	10,064	26	3,678	6,386	17	17.5	22.7
SSAB B	121,794							
SCA A	48,600,000	7,240	19	2,566	4,674	12	10.0	29.5
SCA B	22,200,000							
Ericsson A	372,000,000	5,320	14	3,384	1,936	9	2.4	13.4
Ericsson B	10,000,000							
Volvo A	43,511,650	3,981	10	5,127	-1,146	7	2.1	5.3
Volvo B	2,000,000							
Skanska A	15,010,700	3,666	10	1,782	1,884	6	7.9	27.1
Skanska B	18,315,000							
Indutrade	14,757,800	1,919	5	246	1,673	3	36.9	36.9
Munters	10,950,000	728	2	684	44	1	14.6	14.6
Höganäs B	3,550,000	442	1	637	-195	1	10.1	8.1
Hemtex	3,700,000	224	0	375	-151	0	12.6	12.6
<b>Total</b>		<b>58,993</b>	<b>153</b>	<b>29,584</b>	<b>29,409</b>	<b>100</b>		

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

December 31, 2007 and December 31, 2006	No. of shares	Market value		Share of port- folio value, %	Share of capital in company, %	Share of votes in company, %	December 31, 2006			
		SEK M	SEK/share				Market value No. of shares	Share of capital in company, %	Share of votes in company, %	
Sandvik	136,431,200	15,178	39	23	11.5	11.5	130,000,000	12,935	11.0	11.0
Handelsbanken A	68,285,000	14,159	37	21	10.9	11.1	68,000,000	14,099	10.5	10.7
Handelsbanken B	118,900						108,900			
SSAB A (rights issue 1:4)	56,430,243	9,951	26	15	17.5	22.7	41,833,218	6,809	16.2	21.0
SSAB B (rights issue 1:4)	121,794						70,000			
SCA A (split 3:1)	48,600,000	8,289	21	13	10.0	29.5	16,000,000	8,557	10.0	29.2
SCA B (split 3:1)	22,200,000						7,600,000			
Ericsson A	372,000,000	5,866	15	9	2.4	13.4	372,000,000	10,405	2.3	13.3
Ericsson B	10,000,000						5,000,000			
Volvo A (split 5:1)	43,511,650	4,916	13	8	2.1	5.3	2,429,000	1,205	0.6	1.5
Volvo B (split 5:1)	2,000,000						52,000			
Skanska A	15,010,700	4,066	11	6	7.9	27.1	15,010,000	4,362	7.6	26.9
Skanska B	18,315,000						17,305,000			
Indutrade	14,757,800	1,819	5	3	36.9	36.9	14,857,800	2,006	37.1	37.1
Munters (split 3:1)	10,950,000	840	2	1	14.6	14.6	3,638,000	1,153	14.6	14.6
Höganäs B	3,550,000	485	1	1	10.1	8.1	3,550,000	637	10.1	8.1
Hemtex	3,700,000	275	0	0	12.6	12.6	2,130,600	300	7.6	7.6
Other	–	–	–	–	–	–	857			
<b>Total</b>		<b>65,844</b>	<b>170</b>	<b>100</b>			<b>63,325</b>			

### Development in 2007

Purchases	8,834
Sales	-2,124
Change in value	-4,191

Market value as per December 31, 2007

65,844

## Industrivärden Consolidated Income Statement

SEK M	2007	2006	2007	2006
	Oct.–Dec.	Oct.–Dec.	Jan.–Dec.	Jan.–Dec.
Dividend income from stocks	–	–	2,107	1,733
Change in value of stocks	-12,095	6,358	-3,975	10,037
Short-term derivative and equity trading	3	69	142	173
Management costs	-21	-23	-86	-81
Other income and expenses	0	-1	-1	-4
<b>Operating income</b>	<b>-12,113</b>	<b>6,403</b>	<b>-1,813</b>	<b>11,858</b>
Financial income	2	4	25	18
Financial expenses	-93 <sup>2</sup>	-49	-314 <sup>2</sup>	-205
<b>Income after financial items</b>	<b>-12,204</b>	<b>6,358</b>	<b>-2,102</b>	<b>11,671</b>
<b>Tax</b>	<b>167<sup>2</sup></b>	<b>-9</b>	<b>160<sup>2</sup></b>	<b>-73</b>
<b>Earnings for the period for continuing operations</b>	<b>-12,037</b>	<b>6,349</b>	<b>-1,942</b>	<b>11,598</b>
<b>Earnings for the period for discontinued operations<sup>3</sup></b>	<b>–</b>	<b>9</b>	<b>–</b>	<b>23</b>
<b>Net income for the period</b>	<b>-12,037</b>	<b>6,358</b>	<b>-1,942</b>	<b>11,621</b>
Earnings per share, SEK <sup>4</sup>	-31.17	16.46	-5.03	30.09

<sup>2</sup> For 2007, a previous provision of SEK 165 M for a tax liability, as well as calculated back interest of SEK 54 M, was dissolved. See page 5.

<sup>3</sup> Earnings from discontinued operations pertain to Isaberg Rapid, which was sold in December 2006.

	2007	2006
Net sales	–	900
Expenses	–	-872
Earnings after financial items	–	28
Tax	–	-5
Net earnings for the year	–	23

<sup>4</sup> Net earnings for the period divided by 386,271,224 shares (after 2:1 split). There is no dilutive effect.

## Industrivärden Consolidated Balance Sheet

SEK M	Dec. 31	Dec. 31
	2007	2006
Property, plant and equipment	24	87
Equities	65,844	63,030
Other financial assets	66	1
Other current assets	102	147
Cash and cash equivalents	257	738
Assets in discontinued operations <sup>5</sup>	–	708
<b>Total assets</b>	<b>66,293</b>	<b>64,711</b>
Shareholders' equity	54,837	58,491
Non-current noninterest-bearing liabilities	18	32
Non-current interest-bearing liabilities	9,857	2,778
Current noninterest-bearing liabilities	165	425
Current interest-bearing liabilities	1,416	2,505
Liabilities in discontinued operations <sup>5</sup>	–	480
<b>Total shareholders' equity and liabilities</b>	<b>66,293</b>	<b>64,711</b>

<sup>5</sup> Pertains to Isaberg Rapid.

## Change in Consolidated Shareholders' Equity

SEK M	2007	2006
	Jan.–Dec.	Jan.–Dec.
Opening shareholders' equity	58,491	48,227
Dividend to shareholders	-1,738	-1,352
Translation differences	18	-5
Change in hedging reserve	8	–
Net income for the year	-1,942	11,621
<b>Closing shareholders' equity</b>	<b>54,837</b>	<b>58,491</b>
Shareholders' equity, SEK per share	142	151



## Industrivärden Consolidated Statement of Cash Flows

SEK M	2007 Jan.–Dec.	2006 Jan.–Dec.
<b>OPERATING ACTIVITIES</b>		
Dividend income from stocks	2,107	1,733
Cash flow from short-term derivative and equity trading	241	238
Management costs paid	-82	-80
Financial items, net	-315	-184
Tax paid	-23	-56
Other items affecting cash flow	-2	6
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,926</b>	<b>1,657</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of listed stocks <sup>6</sup>	-8,834	-3,193
Sales of listed stocks <sup>6</sup>	1,924	2,072
Sales of subsidiaries	313	–
Net purchases/sales of other non-current assets	-1	-2
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-6,598</b>	<b>-1,123</b>
<b>FINANCING ACTIVITIES</b>		
Loans raised and amortization of debt	5,929	299
Dividend paid out	-1,738	-1,352
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>4,191</b>	<b>-1,053</b>
<b>CASH FLOW FROM DISCONTINUED OPERATIONS<sup>7</sup></b>	<b>–</b>	<b>5</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>-481</b>	<b>-514</b>
<b>Cash and cash equivalents at start of year</b>	<b>738</b>	<b>1,307</b>
<b>Less: cash and cash equivalents in discontinued operations</b>	<b>–</b>	<b>-54</b>
<b>Exchange rate difference in cash and cash equivalents</b>	<b>–</b>	<b>-1</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>257</b>	<b>738</b>

<sup>6</sup> Pertains to changes in the Parent Company's equities portfolio.

<sup>7</sup> Cash flow from discontinued operations pertains to Isaberg Rapid.

	2007	2006
Cash flow from:		
- operating activities	–	55
- investing activities	–	-32
- financing activities	–	-18
Cash flow from discontinued operations	–	5

## Parent Company Income Statement

SEK M	2007 Jan.–Dec.	2006 Jan.–Dec.
<b>Operating income</b>	<b>-1,272</b>	<b>6,533</b>
<b>Income after financial items</b>	<b>-1,548</b>	<b>6,343</b>
<b>Net income for the year</b>	<b>-1,383</b>	<b>6,292</b>

## Parent Company Balance Sheet

SEK M	Dec. 31 2007	Dec. 31 2006
Financial assets	51,576	48,227
Current receivables	87	199
Cash and cash equivalents	254	738
<b>Total assets</b>	<b>51,917</b>	<b>49,164</b>
Shareholders' equity	40,083	43,196
Non-current liabilities	9,856	2,776
Current liabilities	1,978	3,192
<b>Total shareholders' equity and liabilities</b>	<b>51,917</b>	<b>49,164</b>