Second quarter 2010

“Order intake amounted to a very strong SEK 6.3 billion, a volume increase by 21 percent compared with the same quarter last year. Sequentially order intake grew by 22 percent. The growth we have seen during two quarters within Parts & Service is now also followed by higher capital sales. Medium-sized orders that for quite a long time have been marked by the customers’ hesitant behaviour, were realised at an accelerating pace during the quarter.

The base business showed growth for the first time in two years and almost all business segments grew, compared to both last year and the first quarter. The growth of Parts & Service continued as a result of our customers’ continued increased capacity utilization. The growth was 9 percent sequentially and 17 percent compared with the corresponding quarter 2009.

Sales amounted to SEK 6.4 billion, which resulted in a strong operating margin of 18.7 percent.”

Lars Renström, President and CEO

Summary

	Second quarter				First six months			
SEK millions	2010	2009	%	% *	2010	2009	%	% *
Order intake	6,267	5,188	21	25	11,356	11,041	3	9
Net sales	6,359	6,746	-6	-2	11,740	13,669	-14	-9
Adjusted EBITA	1,192	1,175	1		2,204	2,430	-9	
- adjusted EBITA margin (%)	18.7	17.4			18.8	17.8		
Result after financial items	1,147	846	36		2,047	1,960	4	
Net income for the period	838	637	32		1,453	1,401	4	
Earnings per share (SEK)	1.97	1.49	32		3.42	3.29	4	
Cash flow **	892	1,295	-31		1,899	2,353	-19	
Impact on EBITA of:								
- foreign exchange effects	105	74			200	198		

* excluding exchange rate variations ** from operating activities

Outlook for the third quarter

“We expect demand during the third quarter to be in line with or somewhat lower than the second quarter.”

Earlier published outlook (April 26, 2010): “We expect demand during the second quarter 2010 to be on about the same level as during the first quarter 2010.”

The interim report has been reviewed by the company’s auditors, see page 21 for the review report.

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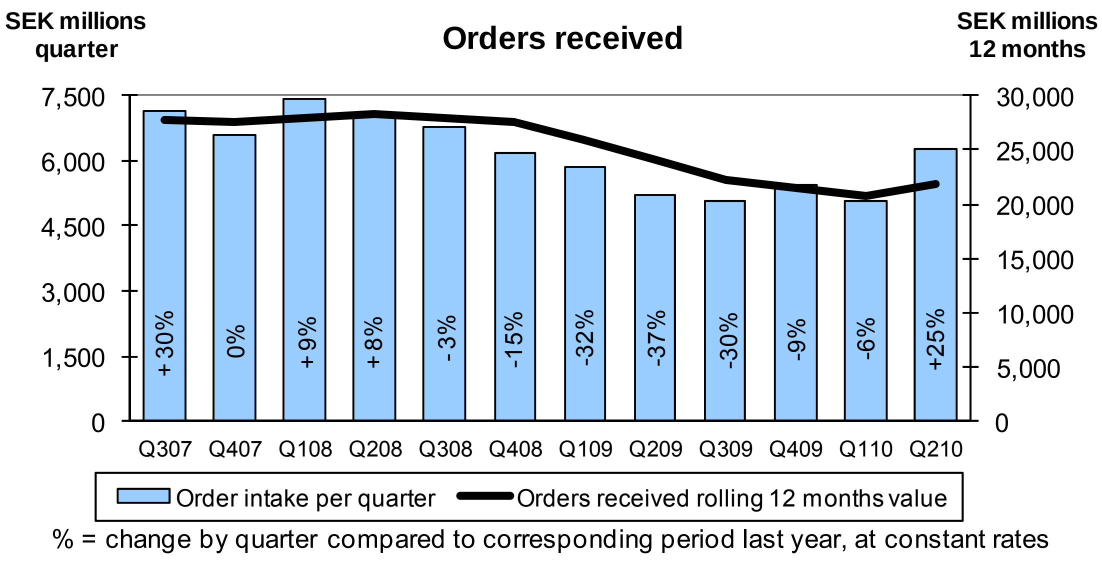
Management's discussion and analysis



Order bridge

SEK millions	Second quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Second quarter 2010
Order intake	5,188	5.5	-4.2	19.5	20.8	6,267

Orders received amounted to SEK 6,267 (5,188) million for the second quarter. Excluding exchange rate variations, the order intake for the Group was 25.0 percent higher than the second quarter last year. Adjusted for acquisitions of businesses [1)] the corresponding figure is an increase by 19.5 percent.

Compared to the first quarter 2010 orders received has increased by 21.8 percent excluding exchange rate variations and increased by 20.2 percent if also acquisitions of businesses are excluded.

Orders received amounted to SEK 11,356 (11,041) million for the first six months. Excluding exchange rate variations, the order intake for the Group was 8.7 percent higher than the same period last year. Adjusted for acquisitions of businesses [1)], the corresponding figure is an increase by 4.6 percent.

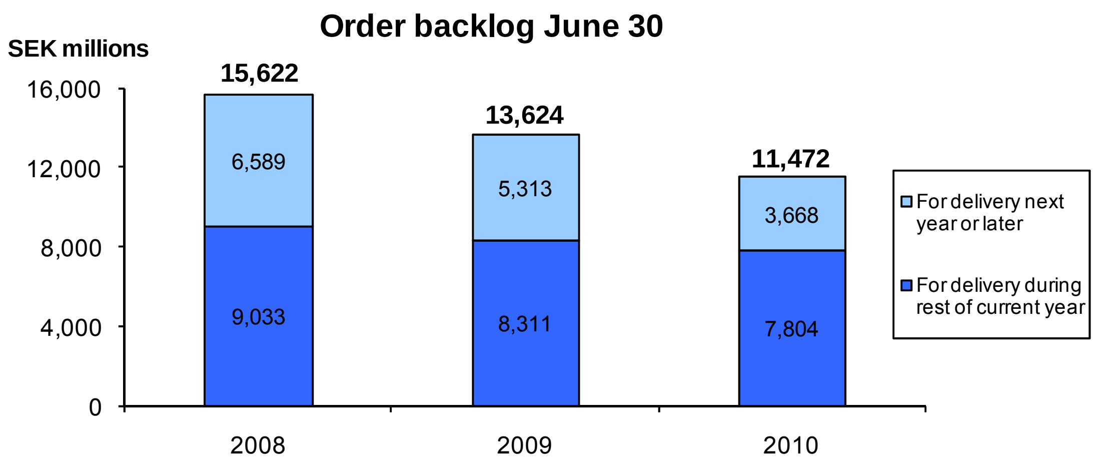
Orders received from the aftermarket "Parts & Service" constituted 29.8 (28.1) percent of the Group's total orders received for the first six months. Excluding exchange rate variations, the "Parts & Service" order intake increased by 15.1 percent during the second quarter 2010 compared to the corresponding quarter last year. Compared to the first quarter 2010 the increase was 6.7 percent.

1. Acquired businesses are: Si Fang Stainless Steel Products Co. Ltd at April 1, 2010,Astepo S.r.l. at April 1, 2010, a leading service provider on the North American market at January 6, 2010, Champ Products Inc, at January 5, 2010, LHE Co. Ltd at September 1, 2009, PHE Indústria e Comércio de Equipamentos Ltda at August 1, 2009, HES at February 1, 2009, two providers of parts and service at January 14, 2009

Large orders [1] in the second quarter:

During the second quarter 2010 Alfa Laval received large orders for SEK 240 (105) million:

- An order from an Indian refinery for the largest Alfa Laval Packinox heat exchanger ever. The order value is about SEK 95 million and delivery is scheduled for 2011.
- Two orders for Alfa Laval PureBallast systems from two leading shipyards in South Korea. The systems will be installed onboard 14 vessels built for A.P Møller – Maersk. The total order value is about SEK 80 million and the delivery is scheduled for 2011 and 2012.
- An order for heat exchangers, various fluid handling and tank cleaning equipment to be used in production of a well-known health drink in India. The order value is about SEK 65 million and delivery is scheduled for 2010 and 2011.



The order backlog at June 30, 2010 was SEK 11,472 (13,624) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 16.6 percent lower than the order backlog at June 30, 2009 and 3.2 percent lower than the order backlog at the end of 2009.

Net sales

Sales bridge

SEK millions	Second quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Second quarter 2010
Net sales	6,746	4.4	-3.3	-6.8	-5.7	6,359

Net invoicing was SEK 6,359 (6,746) million for the second quarter. Excluding exchange rate variations, the invoicing was 2.4 percent lower than the second quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 6.8 percent.

Net invoicing was SEK 11,740 (13,669) million for the first six months. Excluding exchange rate variations, the invoicing was 9.4 percent lower than the period January to June last year. Adjusted for acquisitions of businesses, the corresponding figure is a decrease by 13.1 percent.

Net invoicing relating to ”Parts & Service” constituted 26.9 (24.2) percent of the Group's total net invoicing for the first six months. This change of mix has a positive impact on the gross margin.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Net sales	6,359	6,746	11,740	13,669	26,039
Cost of goods sold	-3,937	-4,281	-7,115	-8,612	-16,411
Gross profit	2,422	2,465	4,625	5,057	9,628
Sales costs	-779	-833	-1,543	-1,651	-3,179
Administration costs	-321	-312	-573	-610	-1,132
Research and development costs	-135	-165	-276	-331	-654
Other operating income *	172	110	237	187	442
Other operating costs *	-186	-393	-381	-601	-1,075
Operating income	1,173	872	2,089	2,051	4,030
Dividends and fair value adjustments	0	1	2	2	-1
Interest income and financial exchange rate gains	84	106	220	254	404
Interest expense and financial exchange rate losses	-110	-133	-264	-347	-673
Result after financial items	1,147	846	2,047	1,960	3,760
Taxes	-309	-209	-594	-559	-1,023
Net income for the period	838	637	1,453	1,401	2,737
Other comprehensive income:					
Cash flow hedges	13	362	0	156	551
Translation difference	221	-22	140	-180	-392
Deferred tax on other comprehensive income	-3	-112	1	-53	-175
Comprehensive income for the period	1,069	865	1,594	1,324	2,721
Net income attributable to:					
Equity holders of the parent	831	630	1,441	1,388	2,710
Minority interests	7	7	12	13	27
Earnings per share (SEK)	1.97	1.49	3.42	3.29	6.42
Average number of shares	421,063,699	422,039,466	421,548,887	422,039,466	422,039,466
Comprehensive income attributable to:					
Equity holders of the parent	1,067	864	1,579	1,304	2,684
Minority interests	2	1	15	20	37

* The line has been affected by comparison distortion items, see separate specification on page 6.

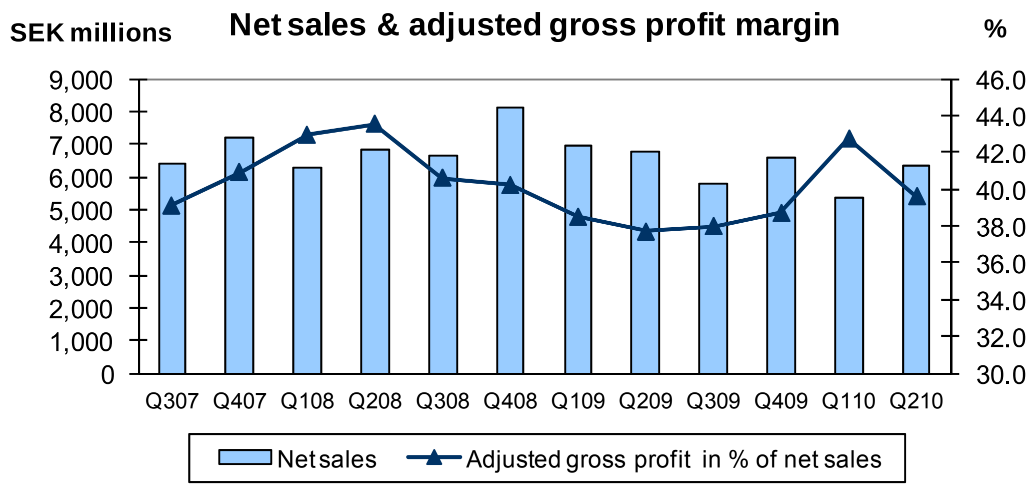
Sales and administration expenses amounted to SEK 2,116 (2,261) million during the first six months 2010. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 4.5 percent lower than the corresponding period last year.

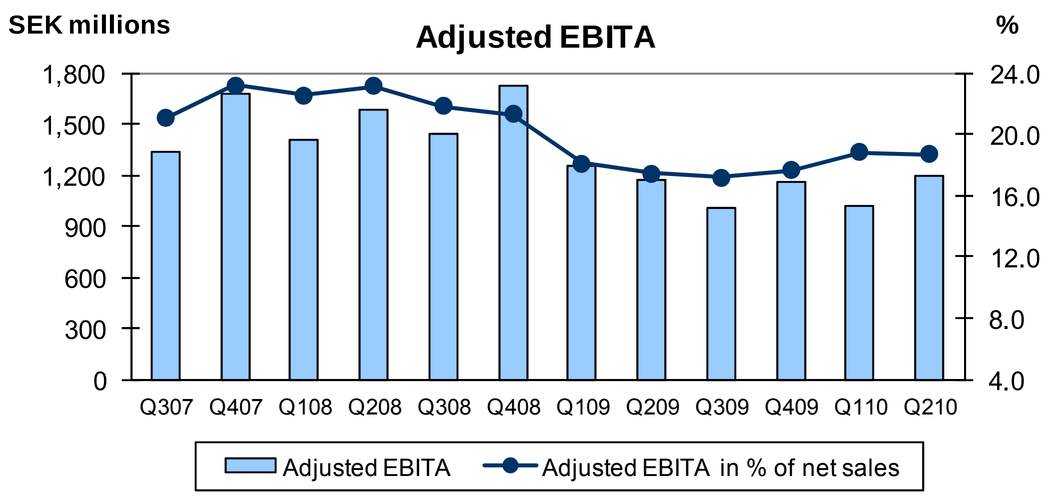
The costs for research and development have amounted to SEK 276 (331) million during the first six months 2010, corresponding to 2.4 (2.4) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased by 14.4 percent compared to the corresponding period last year.

Consolidated	Income analysis				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Net sales	6,359	6,746	11,740	13,669	26,039
Adjusted gross profit *	2,521	2,543	4,820	5,211	9,958
- in % of net sales	***39.6***	***37.7***	***41.1***	***38.1***	***38.2***
Expenses **	-1,228	-1,286	-2,413	-2,590	-4,982
- in % of net sales	*19.3*	*19.1*	*20.6*	*18.9*	*19.1*
Adjusted EBITDA	**1,293**	**1,257**	**2,407**	**2,621**	**4,976**
- in % of net sales	*20.3*	*18.6*	*20.5*	*19.2*	*19.1*
Depreciation	-101	-82	-203	-191	-391
Adjusted EBITA	**1,192**	**1,175**	**2,204**	**2,430**	**4,585**
- in % of net sales	***18.7***	***17.4***	***18.8***	***17.8***	***17.6***
Amortisation of step-up values	-99	-78	-195	-154	-330
Comparison distortion items	80	-225	80	-225	-225
Operating income	1,173	872	2,089	2,051	4,030

* Excluding amortisation of step up values. ** Excluding comparison distortion items.

The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 3.75 (3.55) per share.





Consolidated	**Comparison distortion items**				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Operational					
Other operating income	92	110	157	187	442
Comparison distortion income	80	-	80	-	-
Total other operating income	172	110	237	187	442
Other operating costs	-186	-168	-381	-376	-850
Comparison distortion costs	-	-225	-	-225	-225
Total other operating costs	-186	-393	-381	-601	-1,075

The operating income has been affected by comparison distortion items of SEK 80 (-225) million. When applicable these are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

The comparison distortion income of SEK 80 million relates to reversal of unused parts of the provisions made in connection with the savings' measures that were initiated during 2009. Since the actual costs for the measures became SEK 80 million lower this amount is reversed.

Consolidated financial result and taxes

The financial net has amounted to SEK -88 (-107) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -1 (-35) million, interest on the private placement of SEK -13 (-21) million and a net of dividends and other interest income and interest costs of SEK -74 (-51) million. The net of realised and unrealised exchange rate differences amounts to SEK 46 (16) million.

Consolidated	**Key figures**		
	June 30		December 31
	2010	2009	2009
Return on capital employed (%) *	34.4	42.5	33.6
Return on equity (%) *	23.4	32.8	24.5
Solidity (%) **	45.7	40.1	46.7
Net debt to EBITDA, times *	0.11	0.4	0.1
Debt ratio, times **	0.04	0.20	0.04
Number of employees **	11,943	11,629	11,390

* Calculated on a 12 months' revolving basis.

** At the end of the period.

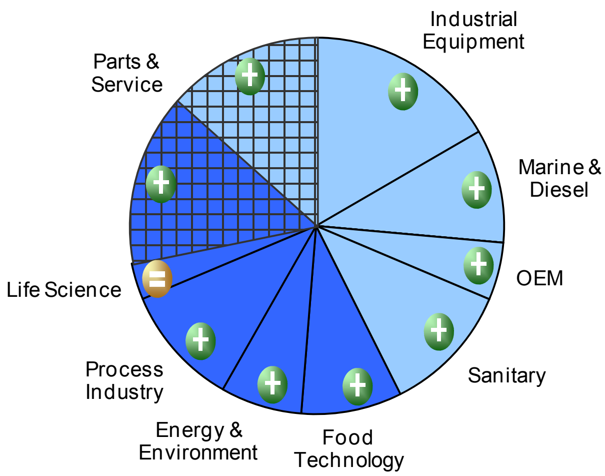
Operating segments

Consolidated	**Orders received**				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Equipment	3,529	2,886	6,381	6,229	11,751
Process Technology	2,737	2,278	4,967	4,795	9,767
Other	1	24	8	17	21
Total	6,267	5,188	11,356	11,041	21,539

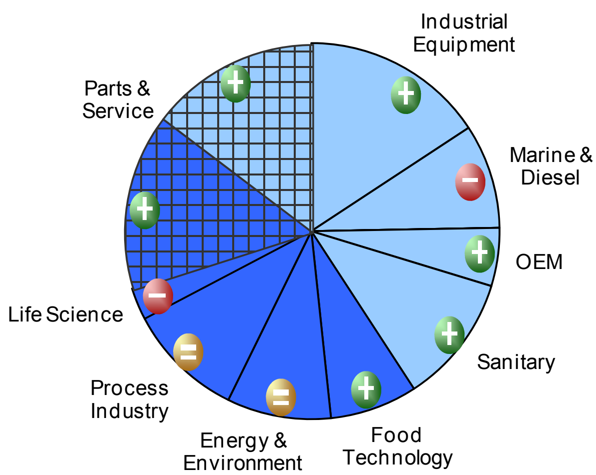
Excluding exchange rate variations, orders received for Equipment increased by 8.7 percent and net sales decreased by 6.8 percent during the first six months 2010 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 4.3 percent and a decrease by 11.2 percent respectively.

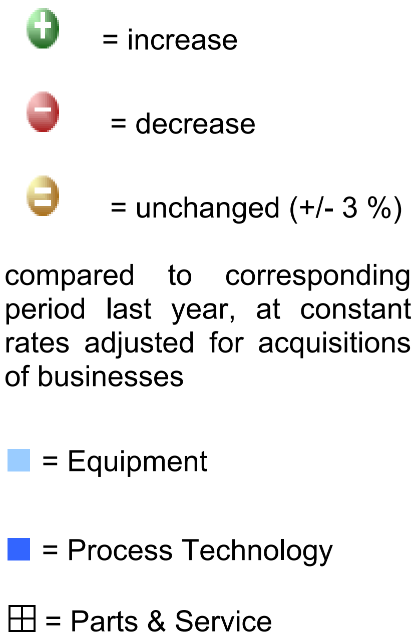
Excluding exchange rate variations, orders received for Process Technology increased by 8.9 percent and net sales decreased by 13.1 percent during the first six months 2010 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 5.2 percent and a decrease by 15.7 percent respectively.

Orders received by customer segment Q2 2010



Orders received by customer segment YTD 2010





Industrial Equipment is a combination of the two former customer segments Comfort & Refrigeration and Fluids & Utility Equipment.

When comparing the second quarter 2010 to the first quarter 2010, Energy & Environment shows a minus sign, while Parts & Service for the Equipment division shows an equals sign and the rest a plus sign (i.e. growth).

Equipment *(all comments are after adjustment for exchange rate fluctuations)*

Order intake in the second quarter was characterized by strong growth compared to both the same period last year and the first quarter. The development was general with the base business* as the main driver, particularly in the segments Industrial Equipment and Sanitary.

In Industrial Equipment there was good demand for refrigeration solutions, mainly driven by investments in both commercial and industrial cooling. An example of this is the food industry. Sanitary Equipment continued to see strong demand in its three main application areas, dairy, food and pharma. OEM also had a good development supported by continued growth in the order intake for brazed heat exchangers. Marine & Diesel showed an increase through larger orders for diesel radiators and ballast water treatment.

An increase in consumption and world trade has led to higher activity levels and utilization rates. Altogether this continued to increase demand for Parts & Service, which reported growth compared to the second quarter of last year and had a stable development compared to the first quarter.

Process Technology *(all comments are after adjustment for exchange rate fluctuations)*

Order intake for the Process Technology division showed strong growth in the second quarter, compared to both the same period last year and to the first quarter. Larger orders were on a significantly higher level compared to both periods, especially driven by sectors such as petrochemicals, oil and gas exploration as well as other process related industries like inorganics and metals. The division also benefitted from continued base business growth.

In Energy & Environment order intake was up compared to the same period last year. The development was driven by oil & gas, which noted a strong development, as oil prices were stabilized on a higher level and hence boosted investment activity in the industry. Compared to the first quarter the segment as a whole declined, primarily as a result of non-repeat large orders in power and oil & gas.

Process Industry had a strong development for both larger orders and the base business. A particular contribution came from petrochemicals and refinery, where larger orders were secured in for example Asia and Latin America. These orders covered both the need for new capacity and the need for improved energy efficiency.

Food Technology had a very favourable development, boosted by an increased project activity. The earlier restrained brewery industry showed growth, as did other beverages and viscous food.

The order intake for Life Science was in line with the second quarter last year, but showed strong growth compared to the first quarter, primarily generated by a good mix of larger orders and base business in pharma and biotech.

Parts & Service performed very well. Demand for parts was on a continued high level, particularly in areas such as Process Industry and oil & gas. Overall, the activity level was higher, as customers brought closed capacity back online.

* Base business and base orders refer to orders with an order value of less than EUR 0.5 million.

Consolidated	Net sales				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Equipment	3,604	3,781	6,784	7,701	14,665
Process Technology	2,751	2,959	4,939	5,962	11,350
Other	4	6	17	6	24
Total	6,359	6,746	11,740	13,669	26,039

The orders received and the net invoicing during the period have resulted in the following order backlog:

Consolidated	Order backlog		
	June 30		December 31
SEK millions	2010	2009	2009
Equipment	5,916	7,472	6,399
Process Technology	5,544	6,120	5,486
Other	12	32	21
Total	11,472	13,624	11,906

Consolidated	Operating income				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Equipment	711	650	1,278	1,344	2,530
Process Technology	546	474	924	1,042	2,040
Other	-152	-23	-185	-77	-138
Subtotal	1,105	1,101	2,017	2,309	4,432
Comparison distortion items	80	-225	80	-225	-225
Consolidation adjustments *	-12	-4	-8	-33	-177
Total	1,173	872	2,089	2,051	4,030

* Difference between management accounts and IFRS

The decrease in operating income for both Equipment and Process Technology during the first six months 2010 compared to the corresponding period last year is mainly explained by a lower gross profit due to decreased volume, partially offset by positive foreign exchange effects, a change of mix in the sales and lower costs.

Consolidated	Assets			Liabilities		
	June 30		December 31	June 30		December 31
SEK millions	2010	2009	2009	2010	2009	2009
Equipment	9,727	8,866	9,428	2,000	1,787	1,987
Process Technology	8,962	8,470	8,289	5,119	4,804	4,643
Other	4,451	5,423	4,507	2,091	2,080	1,866
Subtotal	23,140	22,759	22,224	9,210	8,671	8,496
Corporate	4,249	4,145	3,982	5,649	7,436	5,481
Total	27,389	26,904	26,206	14,859	16,107	13,977

Consolidated	Depreciation				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Equipment	65	31	127	86	200
Process Technology	46	38	90	74	153
Other	89	91	181	185	368
Total	200	160	398	345	721

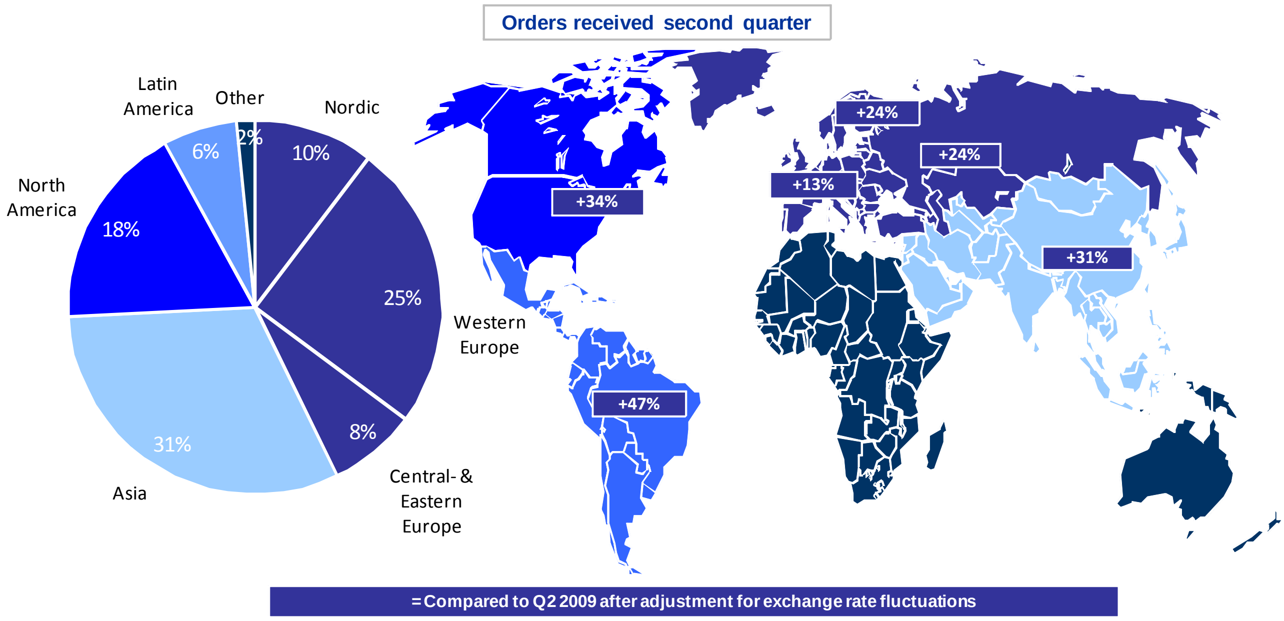
Consolidated	Investments				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Equipment	15	8	33	24	91
Process Technology	17	29	33	67	113
Other	48	71	69	107	247
Total	80	108	135	198	451

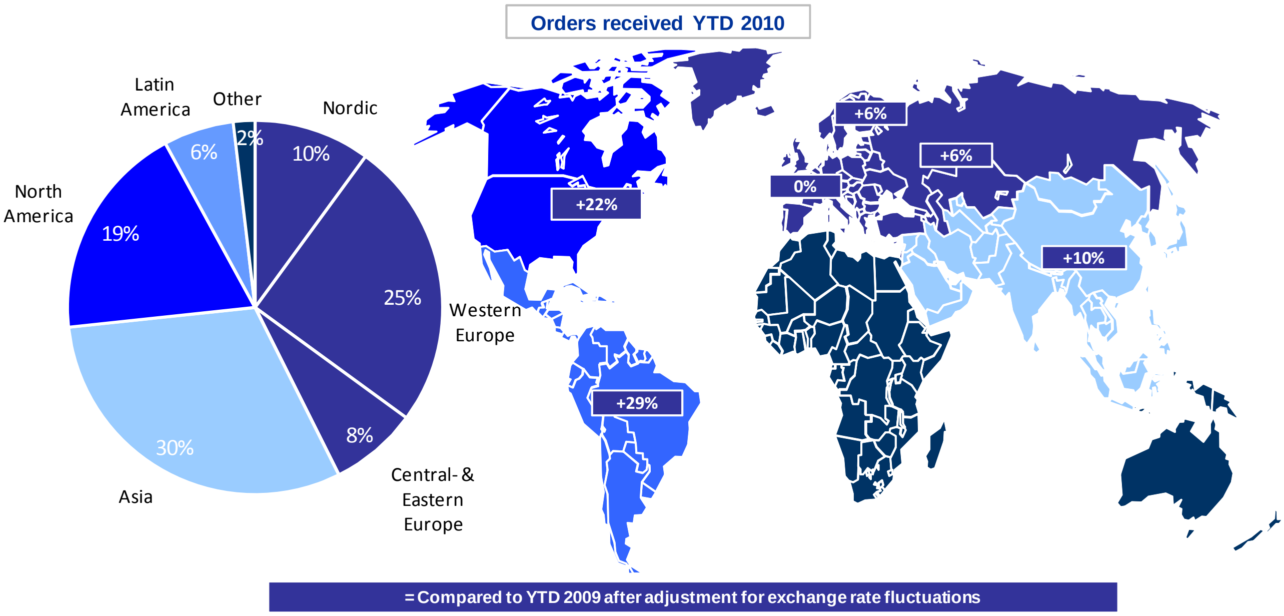
Information about products and services

Consolidated	Net sales by product/service *				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Own products within:					
Separation	1,578	1,779	2,946	3,425	6,586
Heat transfer	3,419	3,569	6,222	7,401	13,866
Fluid handling	671	606	1,263	1,236	2,427
Other	116	167	225	316	615
Associated products	282	314	541	691	1,339
Services	293	311	543	600	1,206
Total	6,359	6,746	11,740	13,669	26,039

* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Other is own products outside these main technologies. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service, service agreements etc.

Information about geographical areas





All comments are after adjustment for exchange rate fluctuations.

Western Europe including Nordic

In the second quarter order intake grew compared to the corresponding quarter last year as well as to the first quarter 2010. Compared to both of these comparison periods both Process Technology and Equipment reported growth. In addition, the demand for Parts & Service was strong and the base business* order intake grew. All countries reported a higher order intake except the UK.

* Base business and base orders refer to orders with an order value of less than EUR 0.5 million.

Central and Eastern Europe

The development in Central & Eastern Europe was very strong compared with the same period last year, with a good development in the capital sales segments as well as in Parts & Service. Russia, Turkey and Ukraine did particularly well. The base business* showed good growth, with all segments in the Equipment Division doing well. Within the Process Technology Division, Energy & Environment as well as Process Industry had a good order intake. The region also reported a solid growth in order intake compared to the previous quarter.

North America

Order intake in the second quarter was up from the same quarter last year and also higher than the first quarter. Both the Process Technology division and the Equipment division including the base business and Parts & Service reported growth compared to both periods.

Latin America

In Latin America the order development was very good for both the Equipment Division and the Process Technology Division. All segments were on the same level or significantly higher than the same period last year with Parts & Service doing particularly well. The countries with the best performance were Argentina, Chile and Peru. The region had a very strong development also compared to the previous quarter.

Asia

Order intake showed a substantial increase in the second quarter, compared to the same period last year, with a particularly strong performance in India, Korea, Japan and Malaysia. The best performing segments were Marine & Diesel, Industrial Equipment and Sanitary in the Equipment Division and Process Industry in the Process Technology Division. The remaining capital sales segments in the Process Technology division had a weaker development, affected by a slower project business, particularly in Energy & Environment. Parts & Service did well, as did the base business in total.

Also compared to the first quarter the order intake was substantially higher, driven by a strong performance in India, Korea, China and Indonesia. All segments in the Equipment Division grew as did Food Technology, Life Science and Process Industry in the Process Technology Division. Energy & Environment however declined due to a slow decision making process among customers. The demand for Parts & Service was up somewhat and the base business showed a substantial increase in order intake, largely driven by increased demand for components in the Equipment Division's segments.

Consolidated	Net sales				
	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
To customers in:					
Sweden	199	201	385	409	840
Other EU	1,695	2,095	3,185	4,075	7,941
Other Europe	568	473	959	976	1,829
USA	888	1,198	1,619	2,275	3,736
Other North America	156	138	308	260	575
Latin America	411	313	773	741	1,432
Africa	48	71	100	136	259
China	838	676	1,540	1,382	2,876
Other Asia	1,468	1,507	2,708	3,275	6,238
Oceania	88	74	163	140	313
Total	6,359	6,746	11,740	13,669	26,039

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address.

Consolidated	Non-current assets		
	June 30		December 31
SEK millions	2010	2009	2009
Sweden	1,656	1,755	1,725
Other EU	4,365	4,933	4,745
Other Europe	376	390	379
USA	2,332	2,114	1,935
Other North America	136	123	128
Latin America	176	146	178
Africa	1	1	1
Asia	3,348	1,924	3,039
Oceania	93	87	90
Subtotal	12,483	11,473	12,220
Pension assets	128	123	136
Deferred tax asset	1,321	1,390	1,367
Total	13,932	12,986	13,723

Information about major customers

Alfa Laval does not have any customer that accounts for 10 percent or more of net sales. Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with about 3 percent of net sales.

CONSOLIDATED CASH FLOWS

	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Cash flow from operating activities					
Operating income	1,173	872	2,089	2,051	4,030
Adjustment for depreciation	200	160	398	345	721
Adjustment for other non-cash items	-36	-35	-41	-47	37
	1,337	997	2,446	2,349	4,788
Taxes paid	-291	-343	-543	-790	-1,533
	1,046	654	1,903	1,559	3,255
Changes in working capital:					
Increase(-)/decrease(+) of receivables	-21	553	112	1,204	1,776
Increase(-)/decrease(+) of inventories	-455	393	-526	700	1,439
Increase(+)/decrease(-) of liabilities	392	-519	554	-1,220	-1,233
Increase(+)/decrease(-) of provisions	-70	214	-144	110	110
Increase(-)/decrease(+) in working capital	**-154**	**641**	**-4**	**794**	**2,092**
	892	1,295	1,899	2,353	5,347
Cash flow from investing activities					
Investments in fixed assets (Capex)	-80	-108	-135	-198	-451
Divestment of fixed assets	1	0	4	0	8
Acquisition of businesses	-43	-23	-321	-1,138	-2,177
	-122	-131	-452	-1,336	-2,620
Cash flow from financing activities					
Received interests and dividends	49	10	65	16	32
Paid interests	-64	-101	-99	-181	-292
Realised financial exchange differences	-69	35	-2	-24	-5
Repurchase of shares	-253	-	-253	-	-
Dividends to owners of parent company	-1,055	-949	-1,055	-949	-949
Dividends to minority owners in subsidiary	-10	-6	-10	-6	-6
Increase(-)/decrease(+) of financial assets	-44	25	-120	328	213
Increase(+)/decrease(-) of borrowings	548	49	-20	-122	-1,660
	-898	-937	-1,494	-938	-2,667
Cash flow for the period	-128	227	-47	79	60
Cash and bank at the beginning of the period	1,199	951	1,112	1,083	1,083
Translation difference in cash and bank	36	-22	42	-6	-31
Cash and bank at the end of the period	1,107	1,156	1,107	1,156	1,112
Free cash flow per share (SEK) *	1.83	2.76	3.43	2.41	6.46
Capex in relation to sales	1.3%	1.6%	1.1%	1.4%	1.7%
Average number of shares	421,063,699	422,039,466	421,548,887	422,039,466	422,039,466

* Free cash flow is the sum of cash flows from operating and investing activities.

During the first six months 2010 cash flows from operating and investing activities amounted to SEK 1,447 (1,017) million. Depreciation, excluding allocated step-up values, was SEK 203 (191) million during the first six months, whereas investments in fixed assets were SEK 135 (198) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	June 30 2010	June 30 2009	December 31 2009
ASSETS			
Non-current assets			
Intangible assets	8,998	7,917	8,633
Property, plant and equipment	3,460	3,551	3,548
Other non-current assets	1,474	1,518	1,542
	13,932	12,986	13,723
Current assets			
Inventories	5,050	5,240	4,485
Accounts receivable	4,710	4,967	4,123
Other receivables	1,725	1,948	2,130
Derivative assets	402	362	331
Other current deposits	463	245	302
Cash and bank *	1,107	1,156	1,112
	13,457	13,918	12,483
TOTAL ASSETS	27,389	26,904	26,206
EQUITY AND LIABILITIES			
Equity			
Equity holders of the parent	12,381	10,733	12,113
Minority	149	64	116
	12,530	10,797	12,229
Non-current liabilities			
Liabilities to credit institutions	935	2,331	832
Private placement	857	839	794
Provisions for pensions and similar commitments	944	973	920
Provision for deferred tax	1,347	1,187	1,390
Other provisions	428	439	439
	4,511	5,769	4,375
Current liabilities			
Liabilities to credit institutions	163	293	165
Accounts payable	1,917	1,913	1,833
Advances from customers	2,191	2,164	2,019
Other provisions	1,763	1,952	1,926
Other liabilities	4,008	3,522	3,372
Derivative liabilities	306	494	287
	10,348	10,338	9,602
Total liabilities	14,859	16,107	13,977
TOTAL EQUITY & LIABILITIES	27,389	26,904	26,206

* The item cash and bank is mainly relating to bank deposits.

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of SEK 276 (131) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 88.8 percent.

Consolidated	Borrowings and net debt		
	June 30		December 31
SEK millions	2010	2009	2009
Credit institutions	1,098	2,624	997
Private placement	857	839	794
Capitalised financial leases	129	53	154
Interest-bearing pension liabilities	2	2	2
Total debt	2,086	3,518	1,947
Cash, bank and current deposits	-1,570	-1,401	-1,414
Net debt	516	2,117	533

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,253 million. At June 30, 2010, SEK 600 million of the facility were utilised. The facility matures in April 2012.

The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

	Second quarter		Full year
SEK millions	2010	2009	2009
At the beginning of the period	12,229	10,493	10,493
Changes attributable to:			
Equity holders of the parent			
Comprehensive income			
Comprehensive income for the period	1,579	1,304	2,684
Transactions with shareholders			
Repurchase of shares	-253	-	-
Increase of ownership in subsidiaries with a minority owner	-3	-	-
Dividends	-1,055	-949	-949
	-1,311	-949	-949
Subtotal	268	355	1,735
Minority			
Comprehensive income			
Comprehensive income for the period	15	20	37
Transactions with shareholders			
Decrease of minority in subsidiaries	-2	-65	-65
Minority in acquired company	30	-	35
Dividends	-10	-6	-6
	18	-71	-36
Subtotal	33	-51	1
At the end of the period	12,530	10,797	12,229

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 34,664 (31,582) shareholders on June 30, 2010. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.7 (18.7) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 8.9 to 1.3 percent. These ten largest shareholders own 47.6 (48.4) percent of the shares.

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development of metals, fluctuations in major currencies and how deep and long lasting the business cycle driven downturn in the demand for the company's products will be. It is the company's opinion that the description of risks made in the Annual Report for 2009 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2010, named as a co-defendant in a total of 562 asbestos-related lawsuits with a total of approximately 653 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Purchase of businesses

On April 1, 2010 Alfa Laval acquired Astepo S.r.l. in Italy. The company is recognized for its solid know-how in aseptic technology, with key products such as bag-in-box fillers and heat exchangers targeting the global fruit juice concentrate industry. The company had sales of about SEK 70 million in 2009 and some 20 employees.

On April 1, 2010 Alfa Laval acquired 65 percent of the shares in Si Fang Stainless Steel Products Co. Ltd in China, which is a leading fluid handling company in China. The company targets the food and beverage market in China with its sanitary product portfolio, including pumps, valves and fittings, with sales of about SEK 150 million in 2009 and some 400 employees. Si Fang will continue to offer its own product range, under its own brand and through its own sales network.

On January 6, 2010 Alfa Laval acquired a well established service company in the US, that is a leading service provider on the North American market specialized in plate heat exchangers. The company will add sales of about SEK 100 million. The company will remain a separate organisation as they will continue to offer their own products and services to the industry under their own brand.

On January 5, 2010 Alfa Laval acquired Champ Products Inc., based in Sarasota, Florida, the US. The company is recognized for its deep knowledge of engine cooling and is today perceived as a leading company in the North American market, with sales of about SEK 100 million in 2009 and some 75 employees.

Parent company

The parent company's result after financial items was SEK 156 (215) million, out of which net interests were SEK 0 (10) million, realised and unrealised exchange rate gains and losses SEK -2 (-1) million, dividends from subsidiaries SEK 164 (201) million, consideration from external captive SEK - (14), costs related to the listing SEK -1 (-1) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -3 (-3) million and the net of other operating income and costs the remaining SEK 0 (-3) million.

PARENT COMPANY INCOME *

	Second quarter		First six months		Full year
SEK millions	2010	2009	2010	2009	2009
Administration costs	-3	-2	-6	-6	-11
Other operating income	-4	14	0	14	14
Other operating costs	0	-2	0	-3	-4
Operating income/loss	-7	10	-6	5	-1
Dividends	164	201	164	201	3,201
Group contributions	-	-	-	-	878
Interest income and similar result items	0	4	0	19	23
Interest expenses and similar result items	0	-3	-2	-10	-22
Result after financial items	157	212	156	215	4,079
Appropriation to tax allocation reserve	-	-	-	-	-225
Income tax	2	-3	2	-4	-177
Net income for the period	159	209	158	211	3,677

* The statement over parent company income also constitutes its statement over comprehensive income.

PARENT COMPANY FINANCIAL POSITION

	June 30		December 31
SEK millions	2010	2009	2009
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	5,005	2,490	6,298
Other receivables	99	174	6
Cash and bank	-	-	-
	5,104	2,664	6,304
TOTAL ASSETS	9,773	7,333	10,973
EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	6,171	3,855	7,321
	8,558	6,242	9,708
Untaxed reserves			
Tax allocation reserves, taxation 2005-2010	1,202	977	1,202
Current liabilities			
Liabilities to group companies	13	19	55
Accounts payable	0	0	0
Tax liabilities	-	95	8
	13	114	63
TOTAL EQUITY AND LIABILITIES	9,773	7,333	10,973

Repurchase of shares

The Annual General Meeting 2010 gave the Board a mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate referred to repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase would be made through purchases on OMX Nordic Exchange Stockholm. Until June 30, 2010 Alfa Laval has made the following repurchases:

Specification of repurchase of shares

	Second quarter 2010
Number of repurchased shares	2,583,151
Percentage of outstanding shares	0.6%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	-253

Accounting principles

The interim report for the second quarter 2010 is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles are according to IFRS (International Financial Reporting Standards) as adopted by the European Union. This means that the same accounting principles and accounting estimates have been applied in the interim report for the second quarter 2010 as for the annual report for 2009, with the exception of the changes in IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements. The changes in IFRS 3 and IAS 27 mean that:

- Transaction costs must be reported in the comprehensive income statement instead of as until now be added to the acquisition value, which affects the reported goodwill.
- If the value of an additional purchase price is changed the difference must be reported in the comprehensive income statement instead of as until now adjust the acquisition price, which affects the reported goodwill.
- In business combinations achieved in stages the goodwill must be calculated and valued when the acquirer obtains control over a business. If the acquirer previously has reported an equity interest in the company the accumulated change in value of the holding is to be recognised in the comprehensive income statement at the acquisition date. Until now the goodwill has been calculated and reported at each acquisition date.
- The minority interest can be measured at fair value. This does not exclude that the minority interest still can be measured based on the acquired company's net assets.
- Changes in holdings in subsidiaries, where the majority owner does not loose its decisive influence, must be reported in equity. This has until now been an unregulated area. This means that these transactions no longer will generate goodwill or lead to any gains or losses
- If the minority's share of reported losses is higher than its reported share of the equity, a negative minority share should be reported instead of as until now be charged to the equity attributable to the equity holders of the parent company.

Second quarter refers to the period April 1 to June 30. First six months refers to the period January 1 to June 30. Full year refers to the period January 1 to December 31.

In the report the measures adjusted EBITA and adjusted EBITDA are used. Adjusted EBITA is defined as earnings before interests, taxes, amortisation of step up values and comparison distortion items. Adjusted EBITDA is defined as earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items.

Date for the next financial reports

Alfa Laval will publish interim reports during 2010 at the following dates:

Interim report for the third quarter	October 22

The interim report has been issued on July 20, 2010 at CET 12.00 by the Board of Directors.

The Board of Directors and the President and CEO assure that the report for the first six months gives a true and fair view of the operations, financial position and results for the company and the consolidated Group and describes material factors of risk and uncertainty facing the company and the companies that are part of the Group.

Lund, July 20, 2010

Anders Narvinger Chairman	Gunilla Berg	Arne Frank
Björn Hägglund	Arne Kastö	Ulla Litzén
Jan Nilsson	Susanna Holmqvist Norrby	Finn Rausing
Jörn Rausing	Lars Renström President and CEO	

Review report

Introduction

We have performed a review of the condensed interim financial statements (the interim report) at June 30, 2010 and the six months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of 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". 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 the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, July 20, 2010,

Kerstin Mouchard
Authorised Public Accountant

Staffan Landén
Authorised Public Accountant