Second quarter 2011

"The demand continued to develop positively during the second quarter of the year. All business segments and regions reported growth. The order intake increased 32 percent compared to the corresponding period last year to SEK 7.4 billion, where large orders constituted more than SEK 500 million. Recently acquired Aalborg Industries contributed with SEK 400 million. The fast growing regions Eastern Europe, Latin America and Asia accounted for 50 percent of the order intake for the Group.

High energy prices and investments in renewable energy resulted in a high activity level in Energy & Environment. At the same time strong growth was noted for Food Technology from breweries as well as vegetable oil plants in the fast growing regions of the world. In Process Industry the growth was strong, amongst others within refinery and petrochemicals.

Sales increased by 23 percent to SEK 7.0 billion at the same time as the operating result was SEK 1.3 billion, corresponding to an operating margin of 19.0 percent."

Lars Renström, President and CEO

Summary

	Second quarter				First six months			
SEK millions	**2011**	**2010**	**%**	**% ***	**2011**	**2010**	**%**	**% ***
Order intake	7,424	6,267	18	32	13,879	11,356	22	35
Net sales	7,033	6,359	11	23	12,932	11,740	10	21
Adjusted EBITA	1,335	1,192	12		2,469	2,204	12	
- adjusted EBITA margin (%)	19.0	18.7			19.1	18.8		
Result after financial items	1,175	1,147	2		2,182	2,047	7	
Net income for the period	811	838	-3		1,537	1,453	6	
Earnings per share (SEK)	1.92	1.97	-3		3.63	3.42	6	
Cash flow**	1,432	892	61		1,870	1,899	-2	
Impact on EBITA of:								
- foreign exchange effects	-189	105			-274	200		
Impact on result after financial items of:								
- Aalborg integration costs	-80	-			-80	-		
- reversed restructuring provisions	-	80			-	80		

* excluding exchange rate variations ** from operating activities

Outlook for the third quarter

"We expect demand during the third quarter 2011 to be higher than the third quarter of 2010."

Earlier published outlook (April 27, 2011): "We expect demand during the second quarter 2011 to be somewhat higher than the second quarter of 2010."

The interim report has not been subject to review by the company's auditors.

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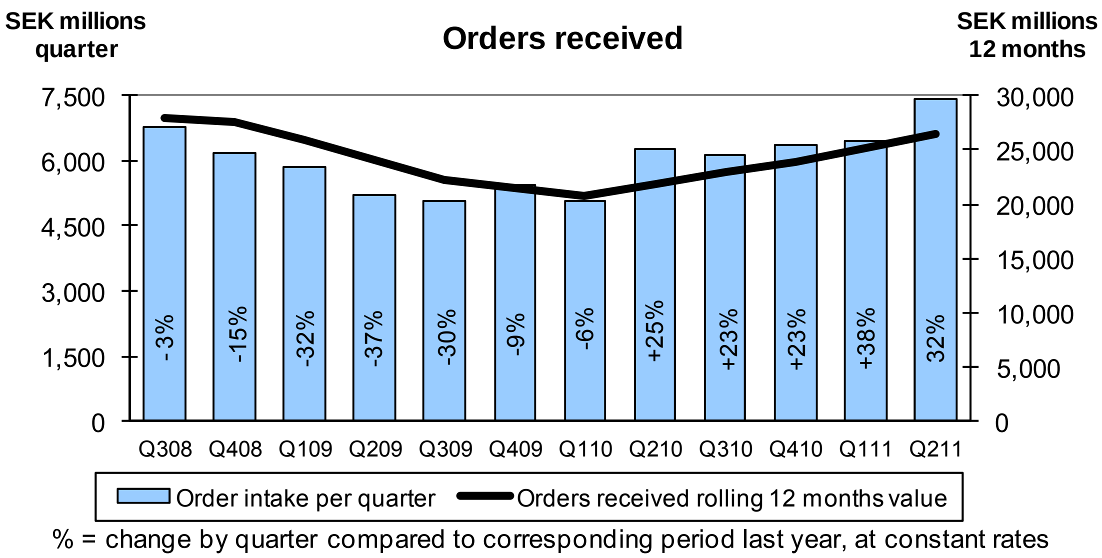
Management's discussion and analysis



Order bridge

SEK millions	Second quarter 2010	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Second quarter 2011
Order intake	6,267	9.4	-13.8	22.9	18.5	7,424

Orders received amounted to SEK 7,424 (6,267) million for the second quarter. Excluding exchange rate variations, the order intake for the Group was 32.3 percent higher than the second quarter last year. Adjusted for acquisitions of businesses[1)], the corresponding figure is an increase by 22.9 percent.

Orders received amounted to SEK 13,879 (11,356) million for the first six months. Excluding exchange rate variations, the order intake for the Group was 34.9 percent higher than the same period last year. Adjusted for acquisitions of businesses [1)], the corresponding figure is an increase by 28.2 percent.

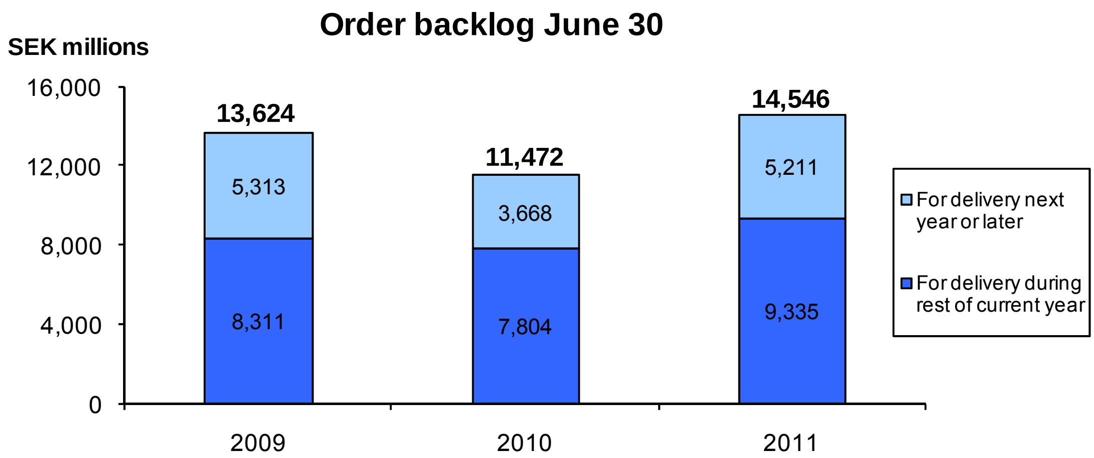
Orders received from the aftermarket "Parts & Service" constituted 25.9 (29.8) percent of the Group's total orders received for the first six months. Excluding exchange rate variations, the "Parts & Service" order intake increased by 16.9 percent during the second quarter 2011 compared to the corresponding quarter last year.

1. Acquired businesses are: Aalborg Industries at May 1, 2011, a service company in the US at May 1, 2011, Olmi S.p.A at December 6, 2010, Definox at November 1, 2010, Si Fang Stainless Steel Products Co. Ltd at April 1, 2010, Astepo S.r.l. at April 1, 2010.

Large orders [1] in the second quarter:

During the second quarter 2011 Alfa Laval received large orders for more than SEK 500 (240) million:

- An order in the US to provide Alfa Laval Packinox heat exchangers to the world's largest concentrated solar power plant. The order value is substantial and well in line with the largest reported over the past 12 months. Delivery is scheduled for 2012.
- An order for compact heat exchangers from a refinery in Russia. The order value is about SEK 70 million and delivery is scheduled for 2012.
- An order for a complete solution to a vegetable oil plant in India. The order value is about SEK 65 million and delivery is scheduled for 2012.
- An order for a brewery solution from one of the largest global brewery groups. The order value is about SEK 135 million. Delivery is scheduled for 2011.



The order backlog at June 30, 2011 was SEK 14,546 (11,472) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 10.1 percent higher than the order backlog at June 30, 2010 and 12.0 percent higher than the order backlog at the end of 2010.

Net sales

Sales bridge

SEK millions	Second quarter 2010	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Second quarter 2011
Net sales	6,359	13.6	-12.8	9.8	10.6	7,033

Net invoicing was SEK 7,033 (6,359) million for the second quarter. Excluding exchange rate variations, the net invoicing was 23.4 percent higher than the second quarter last year. Adjusted for acquisitions of businesses, the corresponding figure is an increase by 9.8 percent.

Net invoicing was SEK 12,932 (11,740) million for the first six months. Excluding exchange rate variations, the invoicing was 21.3 percent higher than the period January to June last year. Adjusted for acquisitions of businesses, the corresponding figure is an increase by 11.8 percent.

Net invoicing relating to "Parts & Service" constituted 26.3 (26.9) percent of the Group's total net invoicing for the first six months.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Net sales	7,033	6,359	12,932	11,740	24,720
Cost of goods sold	-4,254	-3,937	-7,853	-7,115	-15,029
Gross profit	2,779	2,422	5,079	4,625	9,691
Sales costs	-855	-779	-1,634	-1,543	-3,156
Administration costs	-372	-321	-639	-573	-1,224
Research and development costs	-165	-135	-315	-276	-625
Other operating income *	65	172	167	237	494
Other operating costs *	-306	-186	-462	-381	-779
Operating income	1,146	1,173	2,196	2,089	4,401
Dividends and changes in fair value	1	0	3	2	2
Interest income and financial exchange rate gains	256	84	374	220	327
Interest expense and financial exchange rate losses	-228	-110	-391	-264	-366
Result after financial items	1,175	1,147	2,182	2,047	4,364
Taxes	-364	-309	-645	-594	-1,248
Net income for the period	811	838	1,537	1,453	3,116
Other comprehensive income:					
Cash flow hedges	-90	13	54	0	122
Translation difference	185	221	-324	140	-554
Deferred tax on other comprehensive income	54	-3	41	1	-36
Comprehensive income for the period	960	1,069	1,308	1,594	2,648
Net income attributable to:					
Owners of the parent	804	831	1,522	1,441	3,088
Non-controlling interests	7	7	15	12	28
Earnings per share (SEK)	1.92	1.97	3.63	3.42	7.34
Average number of shares **	419,456,315	421,063,699	419,456,315	421,548,887	420,494,001
Comprehensive income attributable to:					
Owners of the parent	960	1,067	1,300	1,579	2,625
Non-controlling interests	0	2	8	15	23

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

** Average number of shares has been affected by repurchase of shares.

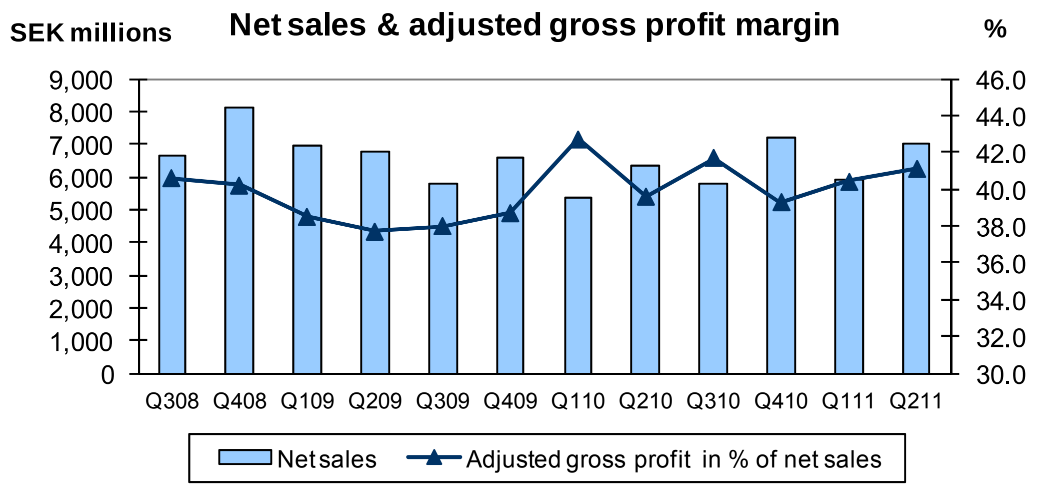
Sales and administration expenses amounted to SEK 2,273 (2,116) million during the first six months 2011. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 10.3 percent higher than the corresponding period last year.

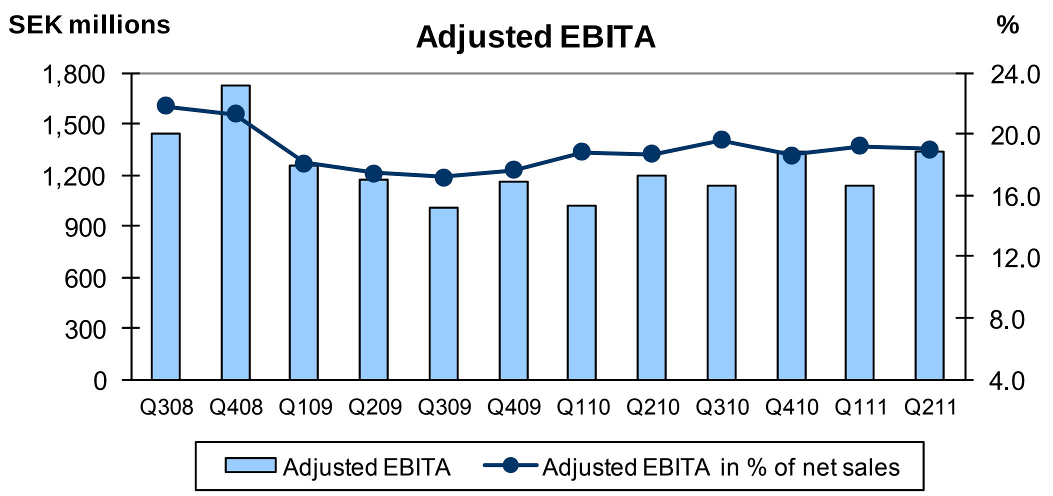
The costs for research and development have amounted to SEK 315 (276) million during the first six months 2011, corresponding to 2.4 (2.4) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have increased by 17.1 percent compared to the corresponding period last year.

Consolidated	**Income analysis**				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Net sales	7,033	6,359	12,932	11,740	24,720
Adjusted gross profit *	2,888	2,521	5,272	4,820	10,062
- in % of net sales	***41.1***	***39.6***	***40.8***	***41.1***	***40.7***
Expenses **	-1,447	-1,228	-2,593	-2,413	-4,955
- in % of net sales	*20.6*	*19.3*	*20.1*	*20.6*	*20.0*
Adjusted EBITDA	**1,441**	**1,293**	**2,679**	**2,407**	**5,107**
- in % of net sales	*20.5*	*20.3*	*20.7*	*20.5*	*20.7*
Depreciation	-106	-101	-210	-203	-425
Adjusted EBITA	**1,335**	**1,192**	**2,469**	**2,204**	**4,682**
- in % of net sales	***19.0***	***18.7***	***19.1***	***18.8***	***18.9***
Amortisation of step up values	-109	-99	-193	-195	-371
Comparison distortion items	-80	80	-80	80	90
Operating income	1,146	1,173	2,196	2,089	4,401

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

The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, is SEK 3.94 (3.75) per share.





Consolidated	Comparison distortion items				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Operational					
Other operating income	65	92	167	157	404
Comparison distortion income	-	80	-	80	90
Total other operating income	65	172	167	237	494
Other operating costs	-226	-186	-382	-381	-779
Comparison distortion costs	-80	-	-80	-	-
Total other operating costs	-306	-186	-462	-381	-779

The operating income for the first six months 2011 has been affected by comparison distortion items of SEK -80 (80) 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 costs during the second quarter 2011 of SEK -80 million is related to non-recurring integration costs in connection with the acquisition of Aalborg Industries. The comparison distortion income during the second quarter 2010 of SEK 80 million related 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 the amount was reversed.

Consolidated financial result and taxes

The financial net has amounted to SEK -48 (-88) 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 -10 (-1) million, interest on the bilateral term loans SEK -16 (-4) million, interest on the private placement of SEK -8 (-13) million and a net of dividends and other interest income and interest costs of SEK -14 (-70) million. The net of realised and unrealised exchange rate differences amounts to SEK 34 (46) million.

Consolidated	Key figures		
	June 30		December 31
	2011	2010	2010
Return on capital employed (%) *	34.0	34.4	37.4
Return on equity capital (%) *	24.1	23.4	24.4
Solidity (%) **	38.5	45.7	50.0
Net debt to EBITDA, times *	0.92	0.11	-0.11
Debt ratio, times **	0.36	0.04	-0.04
Number of employees **	15,827	11,943	12,618

* Calculated on a 12 months' revolving basis.

** At the end of the period.

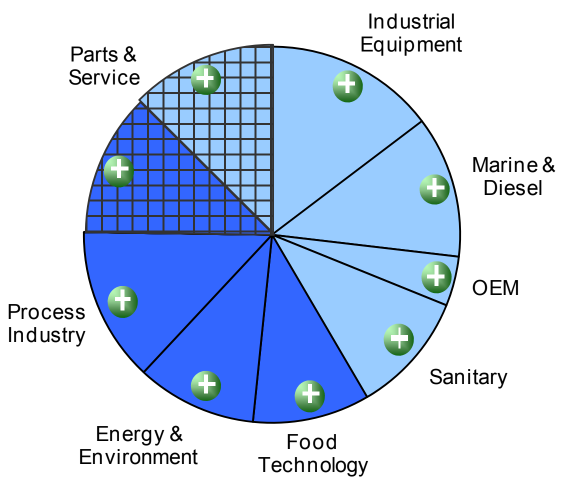
Operating segments

Consolidated	Orders received				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Equipment	4,103	3,529	7,690	6,381	12,945
Process Technology	3,321	2,737	6,189	4,967	10,923
Other	0	1	0	8	1
Total	7,424	6,267	13,879	11,356	23,869

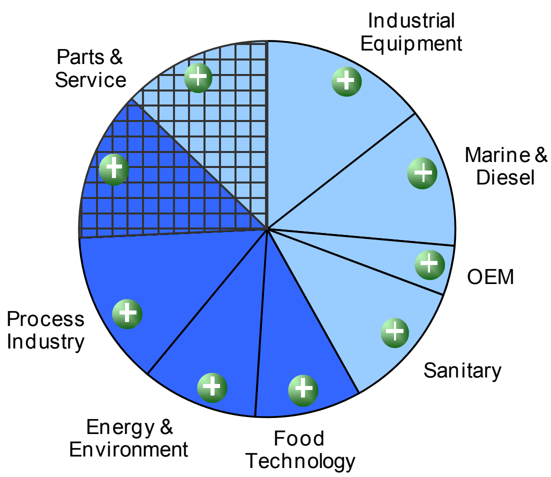
For the first six months 2011 orders received for Equipment increased by 32.9 percent and net sales increased by 21.1 percent excluding exchange rate variations compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 24.6 percent and 10.3 percent respectively.

For the first six months 2011 orders received for Process Technology increased by 37.7 percent and net sales increased by 22.1 percent excluding exchange rate variations compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 33.0 percent and 14.3 percent respectively.

Orders received by customer segment Q2 2011



Orders received by customer segment YTD 2011



= increase

= decrease

= unchanged (+/- 3 %)

compared to corresponding period last year, at constant rates adjusted for acquisitions of businesses

= Equipment

= Process Technology

= Parts & Service

As of April 1 the Process Technology division has been reorganized. This entails the former Life Science segment being incorporated, mainly into the Process Industry segment, but to a smaller extent also to the Food Technology and Energy & Environment segments. The reorganization is made in order to provide better service to the customers.

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

Order intake for the Equipment division increased in the second quarter, compared with the same period last year, as all capital sales segments reported growth.

Industrial Equipment and its major applications within cooling, heating and refrigeration benefitted from rising demand for energy efficient solutions. Meanwhile, OEM customers continued to enjoy good demand for air conditioning units, gas boilers and heat pumps, which boosted the segment's order intake. In Marine & Diesel order intake grew, as the good contracting levels reported by the yards towards the end of last year not only lifted demand for the traditional portfolio, but also led to continued interest for the offering of environmental solutions. Industries within pharmaceuticals, personal care, food, dairy and beverages - end markets for the Sanitary segment - continued to report a high activity, especially in the fast growing economies in Asia.

The Parts & Service business showed continued growth, as the high utilization rates of the installed base continued to trigger demand.

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

The division had a very strong order intake in the second quarter compared with the same quarter last year, with a positive development across all segments. Particularly evident was the contribution from large contracts, but the base business* also reported very good growth. Parts & Service had a continued solid development. Geographically, the development was strongest in the Americas.

Energy and Environment had a strong quarter as activity in the oil & gas market unit remained high with continued investments in new capacity. The power market unit had a strong quarter, even when excluding the very large solar power order recorded in the period. Process Industry noted strong growth over last year with a positive development across the line. The market units petrochemicals and refinery continued to grow and an even stronger development was seen in the market unit inorganics, metals & paper. The market unit natural resources benefitted from a good development in areas like ethanol and starch. Food Technology reported a very strong development in the quarter, partly derived from brewery, which saw increased capacity investments taking place in emerging markets such as Brazil and partly from the vegetable oil area, where similar investment patterns could be seen.

Parts & Service reported a very good development, boosted in particular by Process Industry related applications. In terms of geographical regions, both Asia and Central and Eastern Europe did particularly well. Noticeable was that the overall increased end market activity, lead to an increased share of large orders also for Parts & Service.

Consolidated	**Net sales**				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Equipment	4,082	3,604	7,482	6,784	14,065
Process Technology	2,951	2,751	5,450	4,939	10,632
Other	0	4	0	17	23
Total	7,033	6,359	12,932	11,740	24,720

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

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	2011	2010	2010
Equipment	7,536	5,916	4,983
Process Technology	7,010	5,544	6,569
Other	0	12	0
Total	14,546	11,472	11,552

Consolidated	Operating income				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Equipment	770	711	1,379	1,278	2,604
Process Technology	644	546	1,168	924	2,159
Other	-143	-152	-225	-185	-405
Subtotal	1,271	1,105	2,322	2,017	4,358
Comparison distortion items	-80	80	-80	80	90
Consolidation adjustments *	-45	-12	-46	-8	-47
Total	1,146	1,173	2,196	2,089	4,401

* Difference between management accounts and IFRS.

The increase in operating income for both Equipment and Process Technology during the first six months 2011 compared to the corresponding period last year is mainly explained by increased volume, mitigated by higher costs and negative foreign exchange effects.

Consolidated	Assets			Liabilities		
	June 30		December 31	June 30		December 31
SEK millions	2011	2010	2010	2011	2010	2010
Equipment	15,716	9,727	9,283	4,951	2,000	2,166
Process Technology	9,474	8,962	8,482	5,153	5,119	4,127
Other	5,447	4,451	4,456	3,338	2,091	2,286
Subtotal	30,637	23,140	22,221	13,442	9,210	8,579
Corporate	4,747	4,249	4,948	8,321	5,649	5,008
Total	35,384	27,389	27,169	21,763	14,859	13,587

Consolidated	Depreciation				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Equipment	79	65	138	127	256
Process Technology	58	46	114	90	198
Other	78	89	151	181	342
Total	215	200	403	398	796

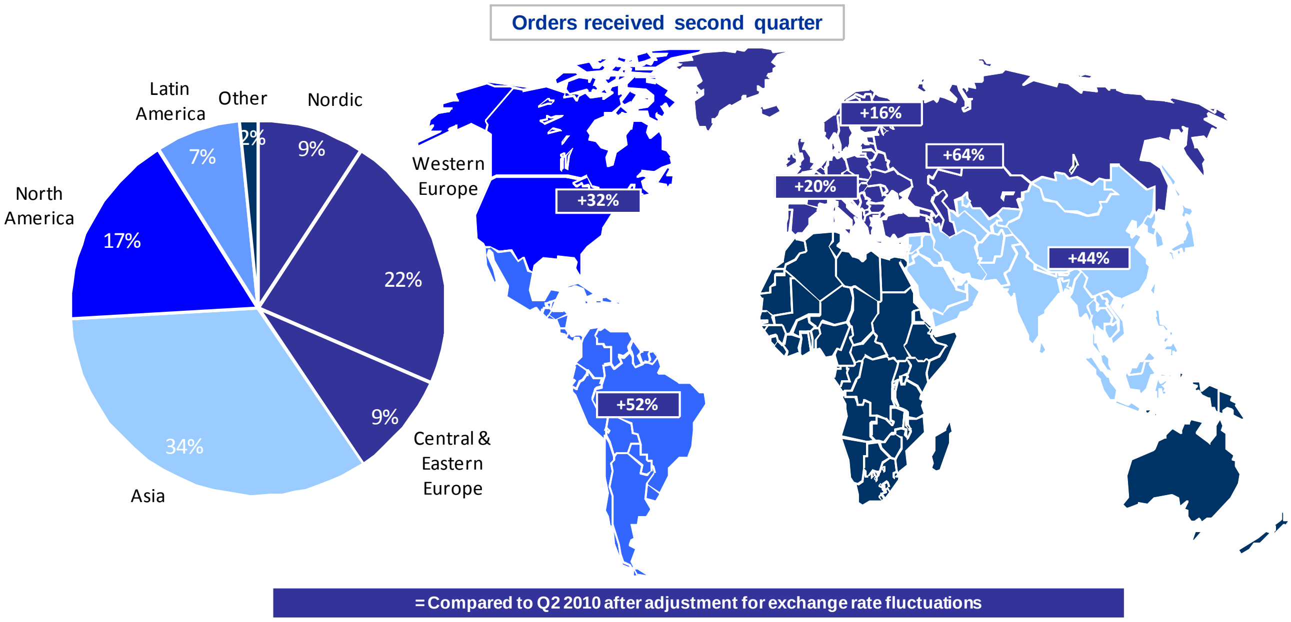
Consolidated	Investments				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Equipment	25	15	38	33	75
Process Technology	28	17	48	33	85
Other	54	48	82	69	269
Total	107	80	168	135	429

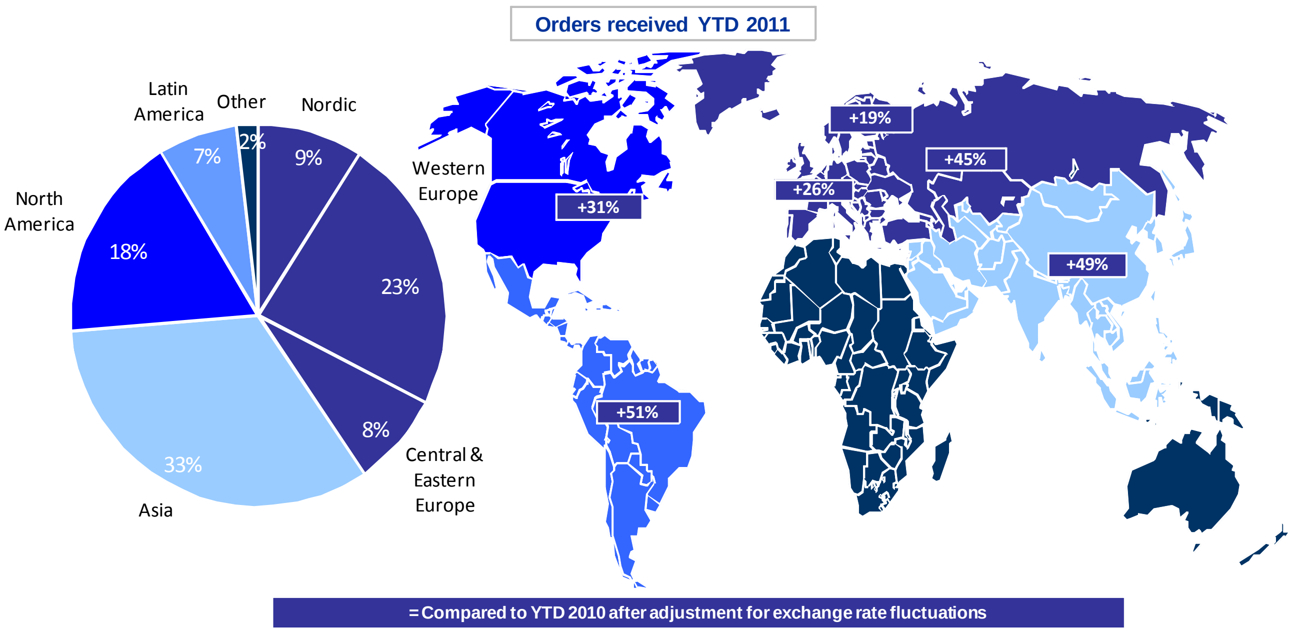
Information about products and services

Consolidated	Net sales by product/service *				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Own products within:					
Separation	1,522	1,578	3,000	2,946	6,043
Heat transfer	3,890	3,419	6,862	6,222	13,092
Fluid handling	726	671	1,483	1,263	2,700
Other	129	116	297	225	550
Associated products	428	282	685	541	1,144
Services	338	293	605	543	1,191
Total	7,033	6,359	12,932	11,740	24,720

* 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 complement 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

Order intake grew in the second quarter compared to the corresponding period last year. The segments Parts & Service and Industrial Equipment within the Equipment division as well as Energy & Environment within the Process Technology division grew clearly. The base business* had a very good development.

* 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 the second quarter was excellent for base business and large orders alike. Most segments showed growth with Process Industry and Marine & Diesel doing particularly well. Russia, Turkey and the Baltic states reported the strongest development.

North America

Order intake grew substantially in the region during the second quarter compared with the corresponding quarter last year, as all capital sales segments reported a positive development. Particularly worth mentioning is also the large order booked for Alfa Laval Packinox heat exchangers to the world's largest concentrated solar power plant. Demand for Parts & Service contracted somewhat in the region, mainly due to the fact that Canada had an exceptional aftermarket demand in the second quarter of last year. In the US demand for parts and service grew. The base business had a good development.

Latin America

The second quarter saw a very strong development in Latin America, boosted by the bookings of various large orders for segments in the Process Technology division. Food Technology reported a very good development. Good growth was also recorded in Industrial Equipment and Parts & Service. Countries with a good order intake included Brazil, mainly for Process Technology and Chile and Mexico for the Equipment division.

Asia

Order intake showed a substantial increase in the second quarter compared to the same period last year. The performance was broad based, across most segments and countries. A particularly good development was seen in Energy & Environment and Marine, where the latter continued to benefit from orders placed at the yards last year. The base business' good trend continued as did it for Parts & Service. China had a continued strong performance, together with South East Asia.

Consolidated	**Net sales**				
	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
To customers in:					
Sweden	243	199	458	385	849
Other EU	1,816	1,695	3,419	3,185	6,879
Other Europe	623	568	1,013	959	1,953
USA	959	888	1,842	1,619	3,354
Other North America	181	156	373	308	757
Latin America	391	411	837	773	1,531
Africa	57	48	100	100	242
China	974	838	1,665	1,540	3,144
Other Asia	1,678	1,468	3,033	2,708	5,648
Oceania	111	88	192	163	363
Total	7,033	6,359	12,932	11,740	24,720

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	2011	2010	2010
Sweden	1,549	1,656	1,598
Denmark	6,115	830	789
Other EU	3,851	3,535	3,890
Other Europe	345	376	349
USA	2,105	2,332	2,016
Other North America	118	136	125
Latin America	185	176	167
Africa	1	1	1
Asia	3,022	3,348	3,045
Oceania	94	93	97
Subtotal	17,385	12,483	12,077
Pension assets	230	128	235
Deferred tax asset	1,241	1,321	1,301
Total	18,856	13,932	13,613

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 a volume amounting to about 4 percent of net sales.

CONSOLIDATED CASH FLOWS

SEK millions	Second quarter 2011	Second quarter 2010	First six months 2011	First six months 2010	Full year 2010
Operating activities					
Operating income	1,146	1,173	2,196	2,089	4,401
Adjustment for depreciation	215	200	403	398	796
Adjustment for other non-cash items	83	-36	71	-41	145
	1,444	1,337	2,670	2,446	5,342
Taxes paid	-303	-291	-738	-543	-1,215
	1,141	1,046	1,932	1,903	4,127
Changes in working capital:					
Increase(-)/decrease(+) of receivables	362	-21	368	112	360
Increase(-)/decrease(+) of inventories	-1,594	-455	-1,927	-526	-536
Increase(+)/decrease(-) of liabilities	1,272	392	1,294	554	332
Increase(+)/decrease(-) of provisions	251	-70	203	-144	-185
Increase(-)/decrease(+) in working capital	**291**	**-154**	**-62**	**-4**	**-29**
	1,432	892	1,870	1,899	4,098
Investing activities					
Investments in fixed assets (Capex)	-107	-80	-168	-135	-429
Divestment of fixed assets	3	1	3	4	31
Acquisition of businesses	-4,839	-43	-4,894	-321	-1,019
	-4,943	-122	-5,059	-452	-1,417
Financing activities					
Received interests and dividends	15	49	31	65	52
Paid interests	-49	-64	-81	-99	-139
Realised financial exchange differences	157	-69	324	-2	3
Repurchase of shares	-	-253	-	-253	-253
Dividends to owners of the parent	-1,258	-1,055	-1,258	-1,055	-1,055
Dividends to non-controlling interests	-10	-10	-10	-10	-9
Increase(-)/decrease(+) of financial assets	1,777	-44	244	-120	-389
Increase(+)/decrease(-) of borrowings	3,232	548	4,340	-20	-641
	3,864	-898	3,590	-1,494	-2,431
Cash flow for the period	353	-128	401	-47	250
Cash and bank at the beginning of the period	1,318	1,199	1,328	1,112	1,112
Translation difference in cash and bank	24	36	-34	42	-34
Cash and bank at the end of the period	1,695	1,107	1,695	1,107	1,328
Free cash flow per share (SEK) *	-8.37	1.83	-7.60	3.43	6.38
Capex in relation to sales	1.5%	1.3%	1.3%	1.1%	1.7%
Average number of shares **	419,456,315	421,063,699	419,456,315	421,548,887	420,494,001

* Free cash flow is the sum of cash flows from operating and investing activities.
** Average number of shares has been affected by repurchase of shares.

During the first six months 2011 cash flows from operating and investing activities amounted to SEK -3,189 (1,447) million. The change compared to last year is mainly due to the increase in acquisitions of businesses in 2011. Depreciation, excluding allocated step-up values, was SEK 210 (203) million during the first six months, whereas investments in fixed assets were SEK 168 (135) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	June 30 2011	June 30 2010	December 31 2010
ASSETS			
Non-current assets			
Intangible assets	13,479	8,998	8,533
Property, plant and equipment	3,865	3,460	3,512
Other non-current assets	1,512	1,474	1,568
	18,856	13,932	13,613
Current assets			
Inventories	7,123	5,050	4,769
Accounts receivable	4,938	4,710	4,181
Other receivables	2,146	1,725	2,059
Derivative assets	303	402	644
Other current deposits	323	463	575
Cash and bank *	1,695	1,107	1,328
	16,528	13,457	13,556
TOTAL ASSETS	35,384	27,389	27,169
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	13,469	12,381	13,427
Non-controlling interests	152	149	155
	13,621	12,530	13,582
Non-current liabilities			
Liabilities to credit institutions	2,707	935	292
Swedish Export Credit	1,832	-	-
European Investment Bank	1,191	-	-
Private placement	694	857	749
Provisions for pensions and similar commitments	784	944	847
Provision for deferred tax	2,021	1,347	1,617
Other provisions	731	428	632
	9,960	4,511	4,137
Current liabilities			
Liabilities to credit institutions	347	163	173
Accounts payable	2,506	1,917	2,239
Advances from customers	2,878	2,191	1,357
Other provisions	1,636	1,763	1,496
Other liabilities	4,279	4,008	4,035
Derivative liabilities	157	306	150
	11,803	10,348	9,450
Total liabilities	21,763	14,859	13,587
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	35,384	27,389	27,169

* 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 199 (276) 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	2011	2010	2010
Credit institutions	3,054	1,098	465
Swedish Export Credit	1,832	-	-
European Investment Bank	1,191	-	-
Private placement	694	857	749
Capitalised financial leases	128	129	137
Interest-bearing pension liabilities	1	2	1
Total debt	6,900	2,086	1,352
Cash, bank and current deposits	-2,018	-1,570	-1,903
Net debt	4,882	516	-551

The senior credit facility with the previous banking syndicate was replaced on April 20 with a new senior credit facility of EUR 301 million and USD 420 million, corresponding to SEK 5,414 million with a new banking syndicate. At June 30, 2011 SEK 2 417 million of the facility was utilised. The facility matures in April 2016, with two one-year extension options. Since before Alfa Laval has a bilateral term loan with SHB of EUR 25 million, corresponding to SEK 229 million that matures in 2013. On June 8, 2011 Alfa Laval entered into a bilateral term loan with Swedish Export Credit split on a three year loan of EUR 100 million and a ten year loan of EUR 100 million, corresponding to SEK 1,832 million in total.

The loan from the European Investment Bank of EUR 130 million matures in 2018. The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

	First six months		Full year
SEK millions	2011	2010	2010
At the beginning of the period	13,582	12,229	12,229
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	1,300	1,579	2,625
Transactions with shareholders			
Repurchase of shares	-	-253	-253
Increase of ownership in subsidiaries with non-controlling interests	-	-3	-3
Dividends	-1,258	-1,055	-1,055
	-1,258	-1,311	-1,311
Subtotal	42	268	1,314
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	8	15	23
Transactions with shareholders			
Decrease of non-controlling interests	-	-2	-2
Non-controlling interests in acquired companies	-1	30	27
Dividends	-10	-10	-9
	-11	18	16
Subtotal	-3	33	39
At the end of the period	13,621	12,530	13,582

Cancellation of repurchased shares and a corresponding bonus issue

On March 21, 2011 when the notice to the Annual General Meeting was sent the number of repurchased shares was 2,583,151. The Annual General Meeting 2011 decided to cancel these repurchased shares. Cancellation of these shares means that the share capital will decrease with SEK 7 million. At the same time the Annual General Meeting decided to increase the share capital through a bonus issue of the same amount without issuing any shares. In this way the size of the share capital was restored and the company did not have to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares. This means that the number of shares has developed as follows:

Specification of number of shares	Number
Number of shares at January 1, 2011	422,039,466
Cancellation of re-purchased shares	-2,583,151
Number of shares at June 30, 2011	419,456,315

Repurchase of shares

The Annual General Meeting 2011 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, 2011 Alfa Laval has not made any repurchases.

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 37,342 (34,664) shareholders on June 30, 2011. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.8 (18.7) percent. The increase in ownership is due to the cancellation of the shares repurchased by the company. Next to the largest owner there are nine institutional investors with ownership in the range of 8.6 to 1.1 percent. These ten largest shareholders own 43.8 (47.6) 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 the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2010 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2011, named as a co-defendant in a total of 644 asbestos-related lawsuits with a total of approximately 730 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 May 1, 2011 Alfa Laval acquired a well established service company in the US. The company is a leading provider on the North American market specialized in serving equipment for centrifugal separation and will add sales of about SEK 100 million. "The acquisition is another step in the ambition to serve the market with alternative offerings", says Lars Renström, President and CEO of the Alfa Laval Group. The company will remain a separate organization as they will continue to offer their own products and services to the industry, under their own brand.

In a press release on December 21, 2010, Alfa Laval announced that an agreement had been signed to acquire Aalborg Industries Holding A/S for a total cash consideration of SEK 5.0 billion, on an enterprise value basis, from Altor 2003 Fund, LD Equity and the Company's management. Aalborg Industries has some 2,750 employees and generated sales of about SEK 3.3 billion in 2010. Clearances from all concerned regulatory authorities were received at the beginning of May 2011. Aalborg Industries are consolidated into the Alfa Laval Group as of May 1, 2011. Aalborg will be fully integrated into Alfa Laval. Non-recurring costs for the integration are estimated at SEK 80 million. During the latter part of 2013 the annual synergy is estimated at SEK 100 million. During May and June 2011 Aalborg has added SEK 402 million in orders received, SEK 556 million in invoicing and SEK 111 million in EBITA to Alfa Laval. Four business segments are concerned by the integration: Marine & Diesel, Process Industry and Parts & Service for both Equipment and Process Technology. For May and June 2011 the orders received for Aalborg is referring to Marine & Diesel to 49 %, to Process Industry to 9 %, to Equipment Parts & Service to 36 % and to Process Technology Parts & Service to 6 %.

Parent company

The parent company's result after financial items was SEK 46 (156) million, out of which net interests SEK 46 (0) million, realised and unrealised exchange rate gains and losses SEK 1 (-2) million, dividends from subsidiaries SEK - (164) million, costs related to the listing SEK -2 (-1) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -1 (-3) million and other operating income and operating costs the remaining SEK 4 (0) million.

PARENT COMPANY INCOME *

	Second quarter		First six months		Full year
SEK millions	2011	2010	2011	2010	2010
Administration costs	-2	-3	-6	-6	-12
Other operating income	2	-4	8	0	0
Other operating costs	-2	0	-2	0	-12
Operating income	-2	-7	0	-6	-24
Revenues from interests in group companies	-	164	-	164	3,442
Interest income and similar result items	27	0	47	0	17
Interest expenses and similar result items	-1	0	-1	-2	-4
Result after financial items	24	157	46	156	3,431
Appropriation to tax allocation reserve	-	-	-	-	-232
Tax on this year's result	-6	2	-12	2	-248
Net income for the period	18	159	34	158	2,951

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

PARENT COMPANY FINANCIAL POSITION

	June 30		December 31
SEK millions	2011	2010	2010
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	6,846	5,005	8,265
Other receivables	57	99	6
Cash and bank	-	-	-
	6,903	5,104	8,271
TOTAL ASSETS	11,572	9,773	12,940
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	7,740	6,171	8,964
	10,127	8,558	11,351
Untaxed reserves			
Tax allocation reserves, taxation 2005-2011	1,434	1,202	1,434
Current liabilities			
Liabilities to group companies	11	13	100
Accounts payable	0	0	1
Tax liabilities	-	-	54
	11	13	155
TOTAL EQUITY AND LIABILITIES	11,572	9,773	12,940

Accounting principles

The interim report for the second quarter 2011 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.

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.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2.3 “Accounting for legal entities” issued by the Council for Financial Reporting in Sweden.

Date for the next financial reports

Alfa Laval will publish interim reports during 2011 at the following dates:

Interim report for the third quarter	October 21

The interim report has been issued on July 19, 2011 at CET 8.30 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 19, 2011

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	