

## Aros Quality Group AB (publ)

### Interim Report January – June 2011

- Net sales 1 158 MSEK (867)
- Order bookings 1 228 MSEK (999)
- Operating profit 80 MSEK (38)
- Profit after financial items 76 MSEK (31)
- Equity ratio 57 % (60)
- Earnings per share after tax 3,30 SEK (1,39)

#### Important events

Net sales, 1 158 MSEK, are at an all time high for the quarter, an increase of 34 %, excluding acquisitions 18 %, compared with the equivalent period last year. Operating profit, 80 MSEK is the highest result that AQ has ever shown in the first half of the year.

Order bookings have increased by 23 % %, excluding acquisitions 9 %.

In the first half of 2011, currency fluctuations had no significant impact on us, nor did any other larger non-recurrent costs, which is why we can establish that the above figures are a good reflection of the business during the period.

The net margin is 6.6 %, somewhat lower than our long-term goal of 8 %, but far in excess of the 3.6 % during the equivalent period last year.

There are no significant events of major importance to report on during Q2. The period has been characterized by organic growth, focusing on improved reliability of supply and higher quality; important values for AQ that the group continues to work tirelessly with.

The action of AQ Segerström & Svensson AB in Eskilstuna is proceeding according to plan. The company has shown a slightly negative result for the first six months on the year, but will, according to the forecast, make a profit in Q4.

AQ Wiring Systems Inc. has made a bad debt loss of 1 million SEK, caused by a foreign customer going bankrupt. AQ has been spared such problems over the years and this is its single largest bad debt loss ever.

AQ's investment in India continues. We now have a Swedish CEO in place, and two employees and we have rented a 3 400-m<sup>2</sup> workshop. The first deliveries of locally manufactured components are expected to be implemented in Q4. AQ is already supplying customers in India, but these components have been manufactured in other AQ plants.

AQ Gävle Precision Lego AB, a subsidiary of AQ Parkoprint AB, has been sold. GPL, with four employees, has, among other things, supplied turned metal components (which is not core business for AQ) to Parkoprint. This deal is not expected to affect earnings and balance to any appreciable extent. The buyer is Atlings Machine Factory Ltd in Ockelbo.

### Information on the parent company

The parent company, Aros Quality Group AB, focuses primarily on the management and development of the group. The parent company's turnover is made up of, as in previous years, almost exclusively the sale of administrative services to the subsidiaries. Purchases from subsidiaries are so small that they are not worth mentioning.

### The drawing up of the interim report

The interim report has been drawn up in accordance with the Swedish Annual Accounts Act as well as IFRS with the application of IAS 34, Interim Financial Reporting, which contains overall demands on the wording, structure and minimum demands on information in the interim report. Those accounting and valuation principles that have been applied are the same as those applied in the latest annual accounts referring to 2010.

The report has not been examined by the company's auditors.

### Important assessments and evaluations for accounting purposes

When drawing up this interim report, the group has found no items that would be particularly exposed from a risk point of view and therewith bring about significant adjustments during the forthcoming periods.

### Future prospects

The board of directors is of the opinion that the group's net sales in 2011 are likely to exceed 2 200 MSEK. The net profit margin is expected to remain unchanged, at just below 7 %.

The group is striving to continue profitable growth within its business areas. The growth shall occur both organically and via acquisitions.

### AQ in brief

AQ is a leading supplier to industrial customers with high demands and is listed on Aktietorget.

The group is active within two business segments: *Components*, which produces transformers, cables, mechanical components, stamped metal and plastic injection moulding, and *Systems*, which produces systems, power and automation solutions and complete machines in close collaboration with the customers.

### The Group's Income Statement (tkr)

	Q2 2011	Q2 2010	Acc 2011	Acc 2010
Net sales	579 088	460 509	1 157 681	867 523
Other operating income	1 443	-2 448	5 091	716
Operating expenses	-540 283	-427 244	-1 082 436	-830 115
<b>Operating profit/loss</b>	<b>40 248</b>	<b>30 818</b>	<b>80 336</b>	<b>38 124</b>
Result from financial investments	-654	-1 409	-4 113	-6 635
<b>Profit/loss after financial items</b>	<b>39 594</b>	<b>29 408</b>	<b>76 223</b>	<b>31 489</b>
Tax on profit for the year	-8 971	-5 355	-17 054	-6 413
<b>Net profit/loss for the year</b>	<b>30 623</b>	<b>24 053</b>	<b>59 169</b>	<b>25 076</b>
Earnings per share after full tax	1,69	1,30	3,30	1,39
Net margin %	6,8%	6,4%	6,6%	3,6%

## The Parent Company's Income Statement (tkr)

	Q2 2011	Q2 2010	Acc 2011	Acc 2010
Net sales	12 625	5 655	21 250	11 310
Operating expenses	-6 653	-3 926	-9 857	-9 516
<b>Operating profit/loss</b>	<b>5 972</b>	<b>1 729</b>	<b>11 393</b>	<b>1 794</b>
Result from financial investments	4 892	1 073	4 205	2 643
<b>Profit/loss after financial items</b>	<b>10 864</b>	<b>2 802</b>	<b>15 598</b>	<b>4 437</b>
Tax on profit for the year	-2 514	-737	-3 759	-307
<b>Net profit/loss for the year</b>	<b>8 350</b>	<b>2 065</b>	<b>11 839</b>	<b>4 130</b>

## Balance Sheet (tkr)

Assets	Group		Parent company	
	Q2 2011	Q4 2010	Q2 2011	Q4 2010
Fixed assets	228 306	234 915	207 728	209 846
Inventories, etc.	400 971	388 843		
Other short-term receivables	475 549	458 308	70 083	116 866
Cash and bank balances	53 880	25 400	27 758	7 458
<b>Total assets</b>	<b>1 158 708</b>	<b>1 107 465</b>	<b>305 569</b>	<b>334 170</b>
<b>Equity and liabilities</b>				
Equity	661 473	624 701	268 607	276 524
Untaxed reserves			13 490	13 490
Interest-bearing liabilities	78 163	94 080	0	1 122
Other liabilities	419 073	388 684	23 472	43 035
<b>Total equity and liabilities</b>	<b>1 158 708</b>	<b>1 107 465</b>	<b>305 569</b>	<b>334 170</b>
<b>Solidity</b>	<b>57%</b>	<b>56%</b>	<b>91%</b>	<b>86%</b>

## Cash Flow Analysis (tkr)

	Group		Parent company	
	Acc 2011	Acc 2010	Acc 2011	Acc 2010
Net operating profit/loss	80 336	38 124	11 393	1 794
Result from financial investments	-4 113	-6 635	-2 237	-556
Income tax paid	-17 859	-7 045	-3 759	-307
Non-cash transactions	35 505	20 938	15	1 752
Changes in working capital	-13 885	6 752	33 420	65 864
<b>Cash-flow from operating activities</b>	<b>79 984</b>	<b>52 134</b>	<b>38 832</b>	<b>68 547</b>
Cash flow from operating activities	-15 455	-12 758	2 344	-34 757
Cash flow from financing activities	-35 672	-45 072	-20 877	-29 286
<b>Increase/reduction of liquid funds</b>	<b>28 857</b>	<b>-5 696</b>	<b>20 300</b>	<b>4 504</b>
Liquid funds at beginning of year	25 400	36 369	7 458	15 878
Exchange rate difference in liquid funds	-377	1 026	0	-41
<b>Liquid funds at end of period</b>	<b>53 880</b>	<b>31 699</b>	<b>27 758</b>	<b>20 341</b>

## Equity Capital (tkr)

Group	Equity Capital (tkr)							Total Equity
	Share-capital	Other paid-in capital	Trans-lation reserve	Profit/Loss brought forward	Sub-total	Minority share-holding		
<b>Opening balance 2010-01-01</b>	<b>35 698</b>	<b>25 631</b>	<b>12 260</b>	<b>508 324</b>	<b>581 913</b>	<b>4 583</b>	<b>586 496</b>	
Paid dividends				-19 634	-19 634	-56	-19 690	
Transl.diff. in foreign comp.			3 657		3 657	-364	3 293	
Net profit				24 757	24 757	319	25 076	
<b>Equity 2010-06-30</b>	<b>35 698</b>	<b>25 631</b>	<b>15 917</b>	<b>513 447</b>	<b>590 693</b>	<b>4 482</b>	<b>595 175</b>	
New share issue	220	5 060			5 280		5 280	
Transl.diff. in foreign comp.			-16 709		-16 709	-34	-16 743	
Net profit				44 121	44 121	-3 131	40 990	
<b>Equity 2010-12-31</b>	<b>35 918</b>	<b>30 691</b>	<b>-792</b>	<b>557 567</b>	<b>623 384</b>	<b>1 317</b>	<b>624 701</b>	
Transl.diff. in foreign comp.			-2 731		-2 731	89	-2 642	
Net profit				59 294	59 294	-125	59 169	
<b>Equity 30 juni 2011</b>	<b>35 918</b>	<b>30 691</b>	<b>-3 523</b>	<b>597 106</b>	<b>660 192</b>	<b>1 281</b>	<b>661 473</b>	
Parent company	Restricted equity			Non - restricted equity				
	Share-capital	Statutory reserve	Sub-total	Share pr. reserve	Fair value reserve	Oth. Non-restr. Eq.	Sub-total	Total Equity
<b>Opening balance 2010-01-01</b>	<b>35 698</b>	<b>1 156</b>	<b>36 855</b>	<b>25 631</b>	<b>1 259</b>	<b>179 955</b>	<b>206 845</b>	<b>243 700</b>
Paid dividends						-19 634	-19 634	-19 634
Net profit						4 130	4 130	4 130
<b>Equity 2010-06-30</b>	<b>35 698</b>	<b>1 156</b>	<b>36 855</b>	<b>25 631</b>	<b>1 259</b>	<b>164 451</b>	<b>191 341</b>	<b>228 196</b>
New share issue	220		220	5 060			5 060	5 280
Changes in reserves					-1 259		-1 259	-1 259
Tax-effect thereof						331	331	331
Paid/Rec. group contribution						-2 520	-2 520	-2 520
Tax-effect thereof						663	663	663
Transl.diff. in foreign comp.						-1 986	-1 986	-1 986
Tax-effect thereof						522	522	522
Net profit						47 296	47 296	47 296
<b>Equity 2010-12-31</b>	<b>35 918</b>	<b>1 156</b>	<b>37 075</b>	<b>30 691</b>	<b>0</b>	<b>208 757</b>	<b>239 448</b>	<b>276 523</b>
Paid dividends						-19 755	-19 755	-19 755
Net profit						11 839	11 839	11 839
<b>Equity 30 juni 2011</b>	<b>35 918</b>	<b>1 156</b>	<b>37 075</b>	<b>30 691</b>	<b>0</b>	<b>200 841</b>	<b>231 533</b>	<b>268 607</b>

All shares /17 959 058 pc/ are A-shares with equal voting rights.

## Personnel

Employees	Bulgaria	China	Estonia	India	Italy	Poland	Sweden	Total
2011-06-30	794	459	188	3	5	418	876	2 743

## Future reports

Interim report Q3	January - Sept. 2011	20 October 2011
Financial statement	2011	21 February 2012
Annual accounts	2011	April 2012

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