



Västerås, July 21, 2016

AQ Group AB (publ), Quarter 2, 2016

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Second quarter, April – June 2016

In brief

- Once again the best quarterly result in the history of the group
- Net sales increased by 13 % to SEK 860 million (759)
- Operating profit (EBIT) increased by 64 % to SEK 92 million (56)
- Profit after financial items (EBT) increased by 60 % to 91 MSEK (57)
- Cash flow from operating activities increased by 31 % to SEK 76 million (58)
- Equity ratio 60 % (61)
- Earnings per share after tax increased by 60 % to 4.18 SEK (2.61)

Six months, January – June 2016

In brief

- Net sales increased by 13 % to SEK 1 661 million (1 474)
- Operating profit (EBIT) increased by 56 % to SEK 169 million (108)
- Profit after financial items (EBT) increased by 48 % to SEK 167 million (113)
- Cash flow from operating activities increased by 127 % to SEK 168 million (74)
- Equity ratio 60 % (61)
- Earnings per share after tax increased by 50 % to SEK 7.64 (5.08)

Group overview, key figures

	2016			2015				
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	YTD
Net turnover, SEK thousands	801 834	859 584	1 661 418	715 216	758 819	654 561	803 281	2 931 878
Operating profit (EBIT), SEK thousands	76 712	92 326	169 037	51 649	56 269	39 162	54 905	201 985
Profit after net financial items (EBT), SEK thousands	75 954	90 758	166 712	56 136	57 216	43 655	54 728	211 736
Operating margin (EBIT %)	9,6%	10,7%	10,2%	7,2%	7,4%	6,0%	6,8%	6,9%
Liquid ratio	157%	153%	153%	150%	146%	149%	143%	143%
Debt/equity ratio	60%	60%	60%	62%	61%	62%	58%	58%
Return on total assets ²⁾	12,6%	14,0%	14,0%	12,9%	13,3%	13,1%	12,0%	12,0%
Return on equity excl. Tax ²⁾	16,0%	18,1%	18,1%	16,7%	17,9%	17,3%	15,3%	15,3%
Number of employees in Sweden	815	803	803	805	858	903	812	812
Number of employees outside Sweden	3 817	3 865	3 865	3 149	3 189	3 224	3 706	3 706
Key indicators per share, SEK ¹⁾								
Profit for the period	3,46	4,18	7,64	2,47	2,61	1,96	2,41	9,44
Equity	68,82	71,56	71,56	62,06	61,58	64,08	64,86	64,86
Number of shares, thousands	18 034	18 034	18 034	18 034	18 034	18 034	18 034	18 034

¹⁾ There are no instruments that could lead to share dilution.

²⁾ Calculated based on 12 months rolling amounts.



A word from the CEO

Market

We founded AQ 22 years ago and since then our strategy has been to follow our customers in their development and change. We haven't during the years put a lot of effort to wonder about macroeconomics and analysis of markets in the future, instead AQ's focus has always been to adapt to customers' requirements and real demands.

It's a strategy we will continue to follow, to be fast movers and adaptable no matter of market conditions.

Second quarter of 2016 is yet another a good quarter regarding results, the best quarter in the history of AQ. However, I want to emphasize that during the first half of the year we have finished an unusual number of project with good operating margin. Roughly speaking the improvement of the results can be attributed to the acquisition of Anton Kft. (Hungary), and that AQ Enclosure Systems AB and AQ Wiring Systems in Mexico have turned last year's losses to profit. The price pressure in our market continues to be hard and is expected to increase rather than decrease.

We will review our financial goals during the latter part of 2016.

In a joint project with a customer in Finland we have bought and moved injection moulding machines to our factory AQ Plastronic in Bulgaria. This has been successful both for our customer and for AQ. AQ Plastronic is in an expansion phase and is now a nice factory, which we believe a lot in.

Quality and delivery precision continues at a stable and high level within the group.

Acquisitions

Our acquisition in November of 2015 of Anton Kft. in Hungary is developing according to plan. Our focus is to increase capacity through investments in more efficient machinery. The large global customers value the company and its high technical knowledge. Therefore, they demand more capacity in production and project management.

Anton Johanssons Rostfria Verkstad, current AQ M-Tech AB, is in a restructuring process and we are planning to merge the company with AQ Elteknik AB in Uppsala during autumn of 2016. They will merge also in location. Our offering with knowledge in both mechanics and electrics has been received well with the "med tech" companies in Uppsala.

AQ is well positioned for new acquisitions both financially (with an equity ratio of 60%) and regarding management capacity.

Organisation

Our organisation is built on entrepreneurship and entrepreneurship is a foundation of our core values.

During the last years it has become harder to find personnel in several countries in Eastern Europe where we have factories. Going forward we will increase our efforts to find solutions in automation.

AQ Plast AB's transfer of production to Anderstorp from Vadstena continues and is planned to be completed during 2016.

Our electric cabinet operations in Surahammar is now completely moved to Västerås. There is an increased focus to capture new business in AQ Elautomatik AB both in Västerås, Lund and Örnsköldsvik.

The work to switch stock exchange from AktieTorget to Nasdaq Stockholm main market continues and is planned to be completed during autumn of 2016.

Our efforts to reduce inventory continues. Our competence in logistics and usage of our ERP systems is gradually increasing within the group. Improvements of our routines to identify risk of obsolescence continues and should lead to less unexpected impairment of our inventory.

Investments

The largest growth investments during 2016 have been in metal-cutting machines in AQ Anton Kft. (Hungary) and in a wiring machine in AQ Wiring Systems (Lithuania). We have also done some smaller investments in our company in India.

We continue to invest in automation in AQ Holmbergs in China to reduce the need for manual labour to meet the increased cost of salaries in China.

The large injection moulding machine of 1 500 tonnes that was acquired for about EUR 1 million in Anderstorp is forecasted to have a very good utilization rate in 2017.

Outlook

Our companies in Eastern Europe have good growth and profits. The Swedish companies have a harder time to generate growth. In the Swedish operations, AQ Enclosure Systems AB, which made a loss in 2015 have turned the business to profit. Our company in India is growing but is hasn't reached profitability yet. Our operations in China sees a lower activity with our customers e.g. within the mining industry but it is still delivering results in parity with 2015. Our company in Mexico is developing positively and has turned the loss in 2015 to a profit in the first half of 2016.

My feeling is that we are gaining market share from our competitors in several areas and also are entering new markets.

With strong relations to world leading customers and engaged employees I am looking positively at the future with continued growth with stable result level. An important part of this is our core values and our efforts to be a *reliable* supplier to demanding industrial customers.

Claes Mellgren
CEO

Group's financial position and results

Second quarter

Net sales for the second quarter was SEK 860 million (759), an increase of SEK 101 million compared to the same period in the previous year. The largest part of the increase in turnover is due to the acquisition of Anton Kft. last year. Sales in Poland, Bulgaria and Sweden have increased compared to the same period last year.

The total growth in the quarter was 13.3 %, of which organic growth 6.2 %, growth through acquisitions 9.1 % and a currency effect -2.0 %. The currency effect of -2 % corresponds to about SEK 15 million and is mainly with the currencies CNY, PLN and MXN.

Operating margin (EBIT) in the second quarter was SEK 92 million (56), an increase of SEK 36 million. The increase can partly be explained by the acquisition of Anton Kft. and partly by an unusual number of projects with good operating margin.

Goodwill and intangible assets have increased during the second quarter with SEK 6 million. The increase is due to the acquisition of Magnetica in Italy and Serbia and some currency effects.

Investments in material assets in the quarter in the group was SEK 45 million (19). Investments were made in grinding machines in Hungary and in injection moulding machines in Sweden and Bulgaria. Investments via acquisitions were SEK 6.7 million and consist mainly of intangible assets.

Interest bearing debts of the group are SEK 195 million (138) and cash and cash equivalents amount to SEK 117 million (151), which means that the group has a net debt of SEK 78 million. In the same period last year, the group had net cash of SEK 13 million. The change is due to a loan in conjunction with the acquisition of Anton Kft. in the fourth quarter of 2015.

Cash flow from operating activities was SEK 76 million (58). The positive cash flow from operating activities has been used for investments in fixed assets, to reduce interest bearing debts and for dividends to shareholders.

Equity at the end of the period was SEK 1 291 million (1 111) for the group.

First six months

Net sales for the first six months was SEK 1 661 million (1 474), an increase of SEK 187 million compared to the same period previous year. The largest part of the increase in turnover is due to the acquisition of Anton Kft. last year. Sales in Poland, Bulgaria and Sweden have increased compared to the same period last year.

In the first six months the total growth was 12.7 %, of which organic growth 5.0 %, growth through acquisitions 9.4 % and a currency effect of -1.7 %. The currency effect of -1.7 % corresponds to about SEK 24 million and is mainly with the currencies CNY, PLN and MXN, but also INR and EUR.

Operating margin (EBIT) in the first six months was SEK 169 million (108), an increase of SEK 61 million. The increase can partly be explained by the acquisition of Anton Kft. and partly by an unusual number of projects with good operating margin.

In conjunction with the liquidation of our Norwegian subsidiary AQ Wiring Systems AS, accumulated translation differences have had a negative effect on the result. These costs amount to SEK 6.7 million and are included in the item other operating costs.

Goodwill and other intangible assets have increased with SEK 7 million since the start of the year. The increase is due to the acquisition of Magnetica in Italy and Serbia and some currency effects.

The investments of the group in the first six months were SEK 63 million (29). Investments during the first six months have been made in metal-cutting machines in Hungary and in injection moulding machines in Sweden and Bulgaria.

Interest bearing debts of the group are SEK 195 million (281 at year end) and cash and cash equivalents amount to SEK 117 million (136 at year end), which means that the group has a net debt of SEK 78 million (145 at year end). This means that the interest bearing debts have decreased with SEK 86 million and cash and cash equivalents have decreased with SEK 19 million since the start of the year. Net debt has decreased with SEK 67 million compared to end of 2015.

Cash flow from operating activities were SEK 168 million (74). The increase is due to AQ's good result and to improved working capital compared to the same period in the previous year.

Equity at the end of the period was SEK 1 291 million (1 111) for the group.

Result development for the respective segments, please see note 2.

Significant events during the first six months

First quarter

AQ Group AB (publ) has on March 15 2016 submitted a preliminary application for admission to trading of its shares on Nasdaq Stockholm's main market. The shares of the company have been traded on AktieTorget since 2001. Under the condition that Nasdaq Stockholm approves the application, the intention is to begin trading of the company's shares on Nasdaq Stockholm during the latter part of the year. In conjunction with the application, Glen Nilsson was employed responsible for IR.

AQ Plast AB has decided to close down the manufacturing site in Vadstena. The background to the change is to improve the competitiveness of AQ Plast AB by having fewer production sites. Production will be moved from Vadstena to Anderstorp and Västerås. As a consequence of the change a notice of redundancy was given for all 32 employees in Vadstena. The plan is to have the operations in Vadstena closed during 2016.

Our operations in Mexico is developing positively and is approaching break-even.

In our factory in India we have started deliveries of complex aluminium enclosures to a train manufacturer. The enclosures are welded in our new FSW (Friction Stir Welding) equipment.

We have received permit for our investment in ED (Electro Discharge) painting equipment in AQ Electric in Radomir. AQ will have the first ED facility in Bulgaria. It's an investment of about EUR 1 million. ED is a surface treatment method used in the automotive industry.

Second quarter

AQ Italy S.r.l acquired Magnetica S.r.l. and its subsidiary Magnetica Technology D.o.o. The companies design and manufacture electromagnetic components and power supplies and have operations in Italy and Serbia. Our operations in Mexico continues to develop positively and shows a positive result.

Significant events after the end of the period

There are no significant events after the end of the period.

Goals

The goal of the group is continued profitable growth. The Board of directors are not giving any forecast for turnover or profit. Statements in this report can be perceived as forward looking and the real outcome can be significantly different. In addition to factors mentioned the real outcome can be affected by political events, economic cycles, currency rates, interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses to customers.

The board of directors of AQ Group has set goals for the group. The goals mean that the group is managed towards good profit, high quality and delivery precision with strong growth and a healthy financial risk level. The dividend policy is to have dividends corresponding to about 25 % of profit after tax over a business cycle. However, the Group's financial consolidation needs must always be considered.

	Goal	Jan-Jun 2016
Product quality	100 %	99,6 %
Delivery precision	98 %	95,4 %
Equity ratio	>40 %	60 %
Profit margin (EBT)	8 %	10,2 %

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of cash pool in the parent company. The companies are charged/given interest rates at market level.

During 2016 AQ Group AB has paid SEK 40.6 million in dividends to its shareholders. There have been no other transactions between AQ and closely related parties which significantly affected the position or result of the company. There are no loans to members of the board of directors nor to anyone in leading positions.

At the annual general meeting on April 21, 2016 it was decided that a yearly fee of SEK 120 000 shall be paid to the members of the board of directors and a fee of SEK 300 000 to the chairman of the board. There are no other remunerations to the board of directors. There is no remuneration paid after a board assignment is completed.

People in management positions are paid a fixed salary and a variable element calculated in % of the group's profit maximized to one-year salary. There are no other benefits in addition to pension benefits for work performed via the employment contract. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

Risks and uncertainties

AQ is a global company with operations in twelve countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2015. No additional significant risks have been identified since the annual report of 2015 was published.

The risks that are most evident in a shorter perspective are risks related to interest rates and currency. The exposure to risks related to interest rates are low and relates to the group's financing with credit institutions and are currently with floating interest, connected to the base interest of the bank which is connected to the interest rate of Sweden's central bank.

Transactions and assets and debts in foreign currency are managed centrally within AQ in order to create balance in the respective currency thereby achieving highest possible levelling effect within the group in order to minimize currency differences.

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and aluminium, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses.

The group's credit risks are mainly connected to receivables from customers.

The parent company is indirectly affected by the same risks and uncertainties.

Future reporting dates

Interim report Q3, 2016	October 20, 2016 at 8:30 AM
Year-end report	February 23, 2017 at 8:30 AM
Interim report Q1, 2017	April 27, 2017 at 8:30 AM

Financial information

The information of this interim report shall be made public according to the Securities Market Act of Sweden. AQ Group AB (publ) is listed on AktieTorget.

The information was made public on July 21, 2016 at 8.30 AM.

This report has been briefly reviewed by the company's financial auditors.

Further information about AQ Group AB can be given by:

CEO, Claes Mellgren, telephone +46 70-592 83 38, claes.mellgren@aqg.se or via

CFO, Mia Tomczak, telephone +46 70-833 00 80, mia.tomczak@aqg.se

Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at www.aqg.se

Certification

The Board of Directors and the Chief Executive Officer certify that the interim report gives a true and fair overview of the Group's and the parent company's operations, financial position and results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, July 21, 2016

Claes Mellgren,
CEO

P-O Andersson
Chairman

Ulf Gundemark
Boardmember

Gunilla Spongh
Boardmember

Patrik Nolåker
Boardmember

Hidayet Tercan
Boardmember

Review report

To the Board of Directors of AQ Group AB (publ)
Corp. id. 556281-8830

Introduction

We have reviewed the summary interim financial information (interim report) of AQ Group AB (publ) as of 30 June 2016 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the 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 International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information 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 International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Västerås July 21, 2016

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Financial reports, summary

Summary income statement for the Group

SEK thousands	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Q3 2015	
					- Q2 2016	Full year 2015
Net sales	859 584	758 819	1 661 418	1 474 035	3 119 260	2 931 878
Other operating income	8 384	7 411	19 618	15 672	37 951	34 005
	867 967	766 229	1 681 036	1 489 707	3 157 212	2 965 883
Raw material and consumables	-423 399	-377 709	-808 584	-753 622	-1 567 040	-1 512 079
Other external expenses	-108 752	-95 658	-213 822	-180 903	-422 490	-389 620
Personnel costs	-221 364	-208 818	-430 675	-397 826	-794 891	-762 041
Depreciation and amortisation	-17 769	-14 698	-35 667	-29 430	-67 218	-60 980
Other operating expenses	-4 358	-13 077	-23 251	-20 009	-42 419	-39 177
	-775 642	-709 960	-1 511 999	-1 381 789	-2 894 057	-2 763 897
Operating profit	92 326	56 269	169 037	107 918	263 154	201 985
Net financial income/expense	-1 568	947	-2 326	5 434	1 991	9 751
Profit before tax	90 758	57 216	166 712	113 353	265 145	211 736
Taxes	-15 192	-10 102	-28 734	-21 650	-48 367	-41 283
Profit for the period	75 565	47 115	137 978	91 702	216 778	170 453
PROFIT FOR THE PERIOD ATTRIBUTABLES TO:						
Parent company shareholders	75 354	47 001	137 686	91 543	216 476	170 283
Non-controlling interests	212	113	292	160	302	170
	75 565	47 115	137 978	91 702	216 778	170 453
Earnings per share ¹⁾	4,18	2,61	7,64	5,08	12,00	9,44

¹⁾ There were no transactions during the year that might result in dilution effects.

Statement of comprehensive income for the Group

SEK thousands	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Q3 2015	
					- Q2 2016	Full year 2015
PROFIT FOR THE PERIOD	75 565	47 115	137 978	91 702	216 778	170 453
OTHER COMPREHENSIVE INCOME						
Items that cannot be transferred to the profit for the period						
Revaluation of defined benefit pension plans					-219	-219
Items transferred or that can be transferred to the profit for the period						
Translation difference transferred to the profit			6 737		6 737	
Translation difference for foreign operations	14 572	-18 962	16 770	-326	4 847	-20 317
Other comprehensive income for the period after tax	14 572	-18 962	23 507	-326	11 366	-20 535
Comprehensive income for the period	90 137	28 152	161 484	91 376	228 144	149 918
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:						
Parent company shareholders	89 876	27 958	161 120	91 135	227 798	149 867
Non-controlling interests	261	194	364	241	346	51
	90 137	28 152	161 484	91 376	228 144	149 918

Summary balance sheet for the group

SEK thousands	30/06/2016	30/06/2015	31/12/2015
ASSETS			
Goodwill	124 148	74 850	117 561
Other intangible assets	55 722	6 749	55 360
Tangible assets	432 467	300 131	402 749
Financial assets	2 092	1 611	2 053
Deferred tax assets	12 283	8 410	7 197
TOTAL NON-CURRENT ASSETS	626 712	391 751	584 920
Inventories	486 061	466 102	485 252
Trade and other receivables	749 032	665 436	670 438
Other current receivables	170 376	154 278	147 876
Short term investments	200	-	195
Cash and cash equivalents	116 631	150 897	135 602
TOTAL CURRENT ASSETS	1 522 300	1 436 713	1 439 362
TOTAL ASSETS	2 149 012	1 828 465	2 024 282
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	1 287 974	1 108 860	1 167 429
Non-controlling interests	2 603	1 678	2 307
TOTAL EQUITY	1 290 577	1 110 539	1 169 736
Non-current liabilities to credit institutions	105 842	2 130	121 045
Non-current non-interest-bearing liabilities	76 317	52 904	65 338
Total non-current liabilities	182 158	55 034	186 382
Interest-bearing current liabilities	89 178	136 112	159 866
Trade and other payables	306 639	278 025	273 780
Other current liabilities	280 460	248 756	234 518
Total current liabilities	676 277	662 892	668 164
TOTAL LIABILITIES	858 435	717 926	854 546
TOTAL EQUITY AND LIABILITIES	2 149 012	1 828 465	2 024 282

Statement of changes in Equity for the Group

SEK thousands	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. Profit			
Equity, 01/01/2015	36 068	34 014	44 508	939 040	1 053 631	1 599	1 055 230
Profit for the period				91 543	91 543	160	91 702
Translation differences in foreign operations			-407		-407	81	-326
Other comprehensive income			-407	-	-407	81	-326
Total comprehensive income			-407	91 543	91 135	241	91 376
Dividends paid				-36 068	-36 068	-	-36 068
Transactions with shareholders		-	-	-36 068	-36 068	-	-36 069
Equity, 30/06/2015	36 068	34 014	44 101	994 515	1 108 698	1 840	1 110 539
Equity, 01/01/2016	36 068	34 014	24 303	1 073 044	1 167 430	2 307	1 169 737
Profit for the period				137 686	137 686	292	137 978
Translation differences in foreign operations			23 434		23 434	73	23 507
Other comprehensive income			23 434	-	23 434	73	23 507
Total comprehensive income			23 434	137 686	161 120	364	161 485
Changes in non-controlling interests						-68	-68
Dividends paid		-		-40 577	-40 577	-	-40 577
Transactions with shareholders		-	-	-40 577	-40 577	-68	-40 644
Equity, 30/06/2016	36 068	34 014	47 738	1 170 154	1 287 974	2 603	1 290 577

All shares, 18 034 058 pcs, are A-shares with equal voting rights.

Summary cash flow statement for the Group

SEK thousands	1 Apr - 30 Jun, 2016	1 Apr - 30 Jun, 2015	1 Jan - 30 Jun, 2016	1 Jan - 30 Jun, 2015	Full year 2015
Profit before tax	90 758	57 217	166 712	113 353	211 736
Adjustment for non cash generating items	20 508	23 988	52 582	37 492	74 163
Income tax paid	-12 227	-10 879	-30 973	-27 151	-39 605
Cash flow from operating activities before change in working capital	99 038	70 326	188 321	123 694	246 294
Increase (-)/decrease (+) in inventories	-253	-13 874	5 938	-19 050	-4 565
Increase (-)/decrease (+) in trade receivables	-53 676	8 584	-69 362	-71 340	-47 226
Increase (-)/decrease (+) in other receivables	-1 821	-37 566	-3 874	-41 928	-58 204
Increase (+)/decrease (-) in trade payables	28 021	-3 972	18 946	36 654	15 855
Increase (+)/decrease (-) in other liabilities	4 693	34 204	28 296	45 899	13 410
Change in working capital	-23 037	-12 624	-20 056	-49 765	-80 730
Cashflow from operating activities	76 002	57 702	168 264	73 929	165 564
Aquisitions of shares in subsidiaries	113		34		34
Acquisition of intangible non-current assets	-376	-30	-590	-182	-1 857
Acquisition of tangible non-current assets	-44 902	-18 835	-62 684	-28 665	-78 613
Sale of tangible non-current assets	70		70		2 093
Purchase/Sales of short-term investment in securities					-199
Cashflow from investing activities	-45 094	-18 865	-63 169	-28 847	-267 754
New borrowings		795	50	795	149 771
Amortisation of loans	-7 487	1 345	-14 975	-2 474	-11 758
Amortisation of loans (IAS 17 liability, leasing)	-466	196	-936	-791	-5 121
Change in bank overdraft facilities	-16 456	4 309	-69 823	-2 633	-3 409
Change in long-term liabilities	0	-1 918		-1 918	
Dividends to the parent company shareholders	-40 577	-36 068	-40 577	-36 068	-36 068
Other changes in financial activities	11		46		318
Cashflow from financing activities	-64 976	-31 341	-126 216	-43 089	93 733
Increase(Decrease in cash and cash equivalents	-34 069	7 496	-21 120	1 993	-8 457
Cash and cash equivalents at the beginning of the year	147 614	149 426	135 602	145 744	145 744
Exchange rate difference in cash and cash equivalents	3 086	-6 025	2 149	3 160	-1 685
Cash and cash equivalents at the end of the year	116 631	150 897	116 631	150 897	135 602

Parent company development

Parent company

The parent company, AQ Group AB, focuses primarily on managing and developing the Group. As in previous years, the parent company's turnover consists almost exclusively of the sale of administrative services to subsidiaries. There are no purchases of any substance from subsidiaries.

For the second quarter net sales was SEK 13.2 million (14.2) and operating profit (EBIT) was SEK 4.5 million (2.4). Net financial items were SEK 12 million (0) of which SEK 10 million are dividends from subsidiaries.

Summary income statement for the Parent company

SEK thousands	Rolling 12 months					
	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jul 2015 -Jun 2016	Full year 2015
Net sales	13 174	14 155	26 440	21 667	54 986	50 213
Other operating income	181	4	395	4	395	3
	13 356	14 159	26 835	21 671	55 381	50 216
Other external expenses	-6 007	-5 617	-10 401	-8 120	-18 966	-16 685
Personnel costs	-2 713	-4 759	-7 460	-8 080	-17 766	-18 386
Depreciation and amortisation		-3		-6	-6	-12
Other operating expenses	-110	-1 424	-291	-1 429	-400	-1 538
	-8 830	-11 802	-18 152	-17 635	-37 138	-36 621
Operating profit	4 526	2 358	8 683	4 036	18 243	13 596
Net financial items	12 022	111	14 066	1 661	18 905	6 500
Earnings after net financial items	16 548	2 469	22 749	5 697	37 147	20 095
Appropriations					-6 100	-6 100
Profit before tax	16 548	2 469	22 749	5 697	31 047	13 995
Taxes	-2 464		-2 204	-710	-4 636	-3 142
Profit for the period	14 084	2 469	20 544	4 987	26 411	10 854

Net financial items for the first six months of 2016 was SEK 14.1 million (1.7), of which SEK 10 million are dividends from subsidiaries and SEK 2.8 million is a profit from liquidation of the Norwegian subsidiary, AQ Wiring Systems AS. The parent company has received a repayment of purchase price of SEK 2 million for a company that was liquidated.

In "other external expenses" there are costs included for the planned listing on Nasdaq Stockholm.

Summary balance sheet for the Parent company

SEK thousands	30/06/2016	30/06/2015	31/12/2015
ASSETS			
Tangible assets	-	6	-
Financial fixed assets	639 082	392 558	662 251
Deferred tax assets	3 494	-	690
TOTAL NON-CURRENT ASSETS	642 576	392 564	662 941
Other current receivables	181 748	203 411	168 389
Cash and cash equivalents	-	-	-
TOTAL CURRENT ASSETS	181 748	203 411	168 389
TOTAL ASSETS	824 324	595 975	831 330
EQUITY AND LIABILITIES			
Restricted equity	37 225	37 225	37 225
Non-restricted equity	209 496	223 661	229 528
Total equity	246 720	260 885	266 752
Untaxed reserves	41 300	36 000	41 300
Interest-bearing non-current liabilities	104 714	-	119 681
Total non-current liabilities	104 274	-	119 681
Interest-bearing current liabilities	87 865	68 551	105 277
Trade and other payables	2 108	1 682	1 648
Other current liabilities	342 057	228 857	296 672
Total current Liabilities	432 030	299 090	403 597
TOTAL LIABILITIES	536 304	299 090	523 278
TOTAL EQUITY AND LIABILITIES	824 324	595 975	831 330

The increase in financial fixed assets and interest bearing debts are due to the acquisition of Anton Kft.

Notes

Note 1. The drawing up of the interim report

The summary interim report has been prepared in accordance with the Swedish Annual Accounts Act as well as IFRS, applying IAS 34, Interim Financial Reporting. The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act, chapter 9 Interim report. For the group and the parent company the accounting and valuation principles applied are the same as used in the latest annual report.

The total sum in tables and calculations do not always sum up of the parts due to rounding differences. The objective is that every interim row shall conform with the original source resulting in rounding differences.

AS of July 3, 2016 ESMA's (European Securities And Markets Authority) "Guidelines – Alternative performance measures" are applied. In accordance with these guidelines information about financial numbers have been added that are not defined by IFRS.

Note 2. Segment reporting

The Group operates in two business segments: *Component*, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-moulded thermoplastics and *System*, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

Q2 2016 SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	658 609	200 974		859 584
Net sales, internal	64 344	41 279	-105 624	
Total net turnover	722 954	242 254	-105 624	859 584
Material costs, excl. purchases own segment	-348 236	-171 298	96 135	-423 399
Depreciation	-17 052	-999	282	-17 769
Other operating expenses/income	-293 316	-48 796	16 022	-326 090
Operating profit	64 350	21 161	6 815	92 326
Net financial items			-1 568	-1 568
Profit before tax	64 350	21 161	5 247	90 758
Other comprehensive income plus tax			-621	-621
Comprehensive income for the period	64 350	21 161	4 627	90 137

Q2 2015 SEK thousands

Net sales, external	537 163	216 851	4 804	758 819
Net sales, internal	51 859	24 081	-75 940	
Total net turnover	589 022	240 933	-71 136	758 819
Material costs, excl. purchases own segment	-292 521	-160 376	75 188	-377 709
Depreciation	-12 708	-1 257	-733	-14 698
Other operating expenses/income	-235 609	-63 631	-10 902	-310 143
Operating profit	48 184	15 669	-7 583	56 269
Net financial items			947	947
Profit before tax	48 184	15 669	-6 636	57 216
Other comprehensive income plus tax			-29 064	-29 064
Comprehensive income for the period	48 184	15 669	-35 700	28 152

YTD 2016 SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	1 284 232	377 186		1 661 418
Net sales, internal	110 044	81 719	-191 763	
Total net turnover	1 394 277	458 904	-191 763	1 661 418
Material costs, excl. purchases own segment	-677 490	-313 987	182 893	-808 584
Depreciation	-33 949	-2 072	354	-35 667
Other operating expenses/income	-557 991	-96 855	6 716	-648 130
Operating profit	124 846	45 991	-1 800	169 037
Net financial items			-2 326	-2 326
Profit before tax	124 846	45 991	-4 126	166 712
Other comprehensive income plus tax			-5 227	-5 227
Comprehensive income for the period	124 846	45 991	-9 353	161 484
YTD 2015 SEK thousands				
Net sales, external	1 065 451	399 634	8 950	1 474 035
Net sales, internal	96 399	54 743	-151 142	
Total net turnover	1 161 850	454 377	-142 192	1 474 035
Material costs, excl. purchases own segment	-584 015	-315 125	145 519	-753 622
Depreciation	-25 488	-2 486	-1 455	-29 430
Other operating expenses/income	-457 219	-112 613	-13 233	-583 065
Operating profit	95 127	24 152	-11 361	107 918
Net financial items			5 434	5 434
Profit before tax	95 127	24 152	-5 927	113 353
Other comprehensive income plus tax			-21 977	-21 977
Comprehensive income for the period	95 127	24 152	-27 903	91 376

For the segment Component the total net sales for the second quarter was SEK 723 million (589), of which SEK 659 million (537) is external sales. The increase is due to the acquisition of AQ Anton Kft. and many new business deals.

For the segment System the totals net sales for the second quarter SEK 242 million (241), of which SEK 201 million (217) is external sales.

Operating margin (EBIT) was in the second quarter SEK 64 million (48) for Component, which was SEK 16 million better than the same period last year. The reason for the results improvement of Component is mainly due to the acquisition of Anton Kft. Operating margin (EBIT) for System was SEK 21 million (16).

Lower personnel costs in AQ Enclosure Systems AB due to reductions in force, have influenced EBIT positively both for System and Component.

In the column "Unallocated and eliminations" there are items which have not been allocated to the two segments, mainly real estate companies, parent company and group eliminations.

Note 3. Personnel

Number of employees (full time yearly equivalents) in the Group per country:

	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	Jan-Dec 2014
Bulgaria	978	935	966	903
Sweden	803	858	812	827
Lithuania	674	633	647	610
China	515	538	539	557
Poland	587	501	508	482
Hungary	415	0	411	0
Estonia	369	350	379	320
India	139	130	146	96
Mexico	130	98	94	101
Italy	23	4	4	4
Thailand	18	0	12	0
Serbia	17	0	0	0
	4 668	4 047	4 518	3 900

Note 4. Acquisitions

AQs strategy is to grow in all its business areas.

Acquisitions during the last 6 months:

Date	Acquisition	Annual turnover, MSEK*	Number of employees*
April 27, 2016	Magnetica Srl.	14	19 Italy
	Magnetica Technology D.o.o	5	17 Serbia

*Annual turnover and number of employees at time of acquisition

On April 27, 2016 AQ Italy Srl acquired 100 % of the shares in the private company Magnetica S.r.l with its subsidiary in Serbia, Magnetica Technology D.o.o. The price was EUR 100, and in conjunction with the acquisition AQ Italy S.r.l. capitalized Magnetica S.r.l with EUR 500 thousand. The companies design and manufacture electromagnetic components and power suppliers.

During the period May and June the two acquired companies contributed with SEK 3.3 million to the group's sales and SEK -50 thousand to the group's profit after tax. If the acquisition had taken place on January 1, management is estimating that the group's turnover would have been SEK 10 million higher and the result SEK 300 thousand lower for the six months ending on June 30, 2016.

The acquisition was made to obtain excellent competence in design of power supplies and small inductive components and also to obtain their interesting customers. The acquisition is expected to be a good complement to AQ's business within inductive components.

Effects of acquisitions first six months of 2016 (preliminary acquisition analysis)

The acquired company's net assets at time of acquisition:

(SEK thousands)

Intangible assets	2 456
Tangible assets	562
Financial assets	76
Inventories	3 790
Operating receivables	3 475
Operating liabilities	-13 885
Liquid funds	114
Provisions	0
Net loans	-296
Tax liability	0
Consideration paid	1
Goodwill	3 709
Cash flow effect	
Consideration paid	1
Liquid funds in the acquired company	114
	-113

The acquired intangible assets are customer relations and patents. In the goodwill value there are synergy effects in the form of more efficient production processes and the technical competence of the employees. The goodwill is not expected to be tax deductible. No expenses related to the acquisition have materialised.

This is a preliminary analysis and a deeper analysis of assets and debts is ongoing.

There have been no divestments of companies during the period.

Note 5. Financial instruments

Financial instruments that are shown in the balance sheet include on the assets side mainly cash or cash equivalents, receivables from customers and other receivables. On the liabilities side they consist mainly of payables to suppliers, other payable and credit debts.

Real value is not separately shown as it is our assessment that the values shown are an acceptable estimation of the real value because of the short terms.

Real value of assets is established from market prices. The Group is only in exceptional cases using derivatives to reduce currency risks. As per June 30 the market value of the derivatives was SEK - 1.4 million (0) valued according to level 2.

Note 6. Events after end of the reporting period

Information about events after the end of the reporting period are presented on page 7.

Note 7. Calculation of key figures and definitions

AQ believes that the key figures presented is giving the reader relevant information, even in the cases where they are not defined according to IFRS. As the group historically have acquired companies, organic growth is used to show the part of growth that is not due to acquisitions.

	2016			2015				
	Q1	Q2	Ack	Q1	Q2	Q3	Q4	Ack
Operating margin, %								
Operating profit/loss divided by operating revenue								
Operating profit	76 712	92 326	169 037	51 649	107 918	147 080	201 985	201 985
Net revenue	801 834	859 584	1 661 418	715 216	1 474 035	2 128 596	2 931 878	2 931 878
Operating margin	9,6%	10,7%	10,2%	7,2%	7,3%	6,9%	6,9%	6,9%
Liquid ratio, %								
Current assets (excl. inventory) divided by current liabilities								
Trade and other receivables	687 538	749 032	749 032	674 021	665 436	632 477	670 438	670 438
Other current receivables	159 750	170 376	170 376	122 967	154 278	172 072	147 876	147 876
Cash and cash equivalents	147 614	116 631	116 631	149 425	150 897	166 388	135 602	135 602
Current liabilities	633 744	676 277	676 277	632 184	662 892	651 359	668 164	668 164
Liquid ratio	157%	153%	153%	150%	146%	149%	143%	143%
Debt/equity ratio, %								
Adjusted equity divided by balance sheet total								
Total equity	1 241 016	1 290 577	1 290 577	1 119 233	1 110 539	1 155 688	1 169 736	1 169 736
Total assets	2 066 851	2 149 012	2 149 012	1 798 487	1 828 465	1 861 878	2 024 282	2 024 282
Debt/equity ratio	60%	60%	60%	62%	61%	62%	58%	58%
Return on total assets, %								
Profit/loss after financial items plus financial expenses divided by the average balance sheet total								
Profit before tax, rolling 12 months	231 604	265 145	265 145	212 595	226 321	225 396	211 736	211 736
Financial expenses, rolling 12 months	-12 570	-13 160	-13 160	-5 080	-5 379	-6 246	-10 565	-10 565
Total equity and liabilities, opening balance for 12 months	1 798 487	1 828 465	1 828 465	1 575 617	1 667 529	1 666 909	1 678 724	1 678 724
Total equity and liabilities, closing balance	2 066 851	2 149 012	2 149 012	1 798 487	1 828 465	1 861 878	2 024 282	2 024 282
Total equity and liabilities, average	1 932 669	1 988 738	1 988 738	1 687 052	1 747 997	1 764 394	1 851 503	1 851 503
Return on total assets	12,6%	14,0%	14,0%	12,9%	13,3%	13,1%	12,0%	12,0%
Return on equity after tax, %								
Profit/loss for the period after tax divided by average equity, incl. minority interest								
Profit for the period after tax, rolling 12 months	188 327	216 778	216 778	169 333	182 462	185 145	170 453	170 453
Total equity, opening for 12 months	1 119 233	1 110 539	1 110 539	909 711	929 765	979 666	1 055 230	1 055 230
Total equity, closing	1 241 016	1 290 577	1 290 577	1 119 233	1 110 539	1 155 688	1 169 736	1 169 736
Total equity, average	1 180 125	1 200 558	1 200 558	1 014 472	1 020 152	1 067 677	1 112 483	1 112 483
Return on equity after tax	16,0%	18,1%	18,1%	16,7%	17,9%	17,3%	15,3%	15,3%
Organic growth								
Net revenue last year	715 216	758 819	1 474 035					
Effect of changes in exchange rates	-8 615	-15 435	-24 050					
Net revenue for acquired companies	69 287	68 926	138 214					
Organic growth	25 946	47 274	73 219					
Net revenue current period	801 834	859 584	1 661 418					
Organic growth divided by last year net revenue, %	3,6%	6,2%	5,0%					
Growth through acquisitions								
Net revenue for acquired companies divided by last year net revenue, %	9,7%	9,1%	9,4%					

AQ in brief

AQ is a leading supplier to demanding industrial customers and is listed on AktieTorget since year 2001.

The Group consists mainly of operating companies each of which develop their special skills, and in cooperation with other companies, striving to provide cost effective solutions in close cooperation with the customer.

The Group operates in two business segments: **Component**, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-moulded thermoplastics and **System**, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

The Group headquarter is located in Västerås, Sweden. AQ has about 4,700 employees in Sweden, Bulgaria, China, Estonia, India, Italy, Lithuania, Mexico, Poland, Serbia, Thailand and Hungary.

In 2015 AQ had net sales of SEK 2.9 billion and a profit after financial items (EBT) of about SEK 212 million. Since the Group started in 1994 AQ has delivered positive results.

AQ has the highest credit rating AAA according to Bisnode.

WE ARE RELIABLE

Customer focus

The customer always comes first. By making life easier for our customers and "going the extra mile", we lay the foundation for long-term collaboration.

Simplicity

We do our day-to-day work without complexity or bureaucracy. Everything we do adds customer value.

Entre- preneurial spirit

With our values as a starting point, companies within AQ shall run their business as entrepreneurs and strive to achieve profitability and growth.

Courage and respect

We have the courage to go our own way – we stand up for our beliefs and are prepared to make tough decisions, give constructive feedback and admit our own mistakes. We treat others as we like to be treated ourselves.

Cost efficiency

We satisfy our customers' demands in the most cost-efficient way possible and work with continuous improvements.