

Q3



Västerås 20 October 2011

Aros Quality Group AB (publ)

Interim Report January – September 2011

- Net sales 1 677 MSEK (1 331)
- Orders received 1 640 MSEK (1 513)
- Operating profit 118 MSEK (69)
- Profit after financial items 112 MSEK (56)
- Equity ratio 58 % (55)
- Earnings per share after tax 4,88 SEK (2,42)

Significant events

Net turnover, 1 677 MSEK, is at an all time high for the period Q1 – Q3 and, compared with last year, shows an increase of 26 %, excluding acquisitions 14 %. Operating profit, 112 MSEK, is the highest result that AQ has ever shown for the period. Earnings per share were 4.88 SEK, which is more than double what they were in the corresponding period last year.

Orders received have increased by 8 %, excluding acquisitions they remain unchanged. Total outstanding orders bookings (excluding acquisitions) are of equal value compared with the same time last year and are equivalent to almost four months' production.

During the first three quarters of 2011, exchange rate differences and items of a one-off nature have had almost no impact whatsoever on results, which is why we can safely say that the above figures are a true reflection of the business during the period.

The net margin during the quarter is 6.9 %, accumulated from the start of the year 6.7 %. This is somewhat lower than our long-term goal of 8 % but far in excess of last year when it was 4.2 % after 9 months.

The global turbulence on the financial markets has recently started to have an impact on AQ, mainly as a result of downward revisions of delivery schedules from a number of customers, particularly within the vehicle industry. Steps have started to be taken to reduce cost levels.

There are otherwise no significant events to report on in the third quarter. The period has been characterized by organic growth, focus on improved reliability of supply and enhanced quality, all extremely important parameters for AQ that we continuously work on.

In October (Q4), AQ purchased 42 % of the shares in the Bulgarian company AQ Electric AD to the amount of 1.06 MEUR. Total ownership in the company now amounts to 95 %. The reason behind the investment is further expansion of the business in Bulgaria, which has a rapidly growing economy, technical expertise and low production costs.

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 will with all probability exceed 2 200 MSEK. The net margin is estimated to be approximately 6.5 %.

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 (TSEK)

	Q3 2011	Q3 2010	Acc 2011	Acc 2010
Net sales	519 601	463 246	1 677 282	1 330 769
Other operating income	3 224	4 676	8 315	5 392
Operating expenses	-485 450	-437 237	-1 567 886	-1 267 352
Operating profit/loss	37 375	30 685	117 711	68 809
Result from financial items	-1 329	-6 330	-5 442	-12 965
Profit/loss after financial items	36 046	24 355	112 269	55 845
Tax on profit for the year	-7 800	-4 270	-24 854	-11 971
Net profit/loss for the year	28 246	20 085	87 415	43 874
Earnings per share after full tax	1,58	1,12	4,88	2,42
Net margin %	6,9%	5,3%	6,7%	4,2%

The Parent Company's Income Statement (TSEK)

	Q3 2011	Q3 2010	Acc 2011	Acc 2010
Net sales	11 625	5 662	32 875	16 972
Operating expenses	-6 310	-3 646	-16 167	-13 162
Operating profit/loss	5 315	2 016	16 708	3 810
Result from financial items	1 477	-8 565	5 682	-5 921
Profit/loss after financial items	6 792	-6 549	22 390	-2 111
Tax on profit for the year	-2 358	334	-6 117	27
Net profit/loss for the year	4 434	-6 215	16 273	-2 084

Balance Sheet (TSEK)

Assets	Group		Parent company	
	Q3 2011	Q4 2010	Q3 2011	Q4 2010
Fixed assets	233 364	234 915	208 241	209 846
Inventories	410 618	388 843		
Other current receivables	486 502	458 308	148 859	116 866
Cash and bank balances	56 770	25 400	25 058	7 458
Total assets	1 187 254	1 107 465	382 158	334 170
Equity and liabilities				
Equity	692 759	624 701	273 041	276 524
Untaxed reserves			13 490	13 490
Interest-bearing liabilities	93 619	94 080	0	1 122
Other liabilities	400 876	388 684	95 627	43 035
Total equity and liabilities	1 187 254	1 107 465	382 158	334 170
Equity ratio	58%	56%	74%	86%

Cash Flow Analysis (TSEK)

	Group		Parent company	
	Acc 2011	Acc 2010	Acc 2011	Acc 2010
Net operating profit/loss	117 711	68 809	16 708	3 810
Result from financial items	-5 442	-6 861	35	2 190
Income tax paid	-26 036	-14 061	-6 117	27
Non-cash transactions	90 190	43 422	22	48
Changes in working capital	-95 140	-48 506	-27 790	56 641
Cash-flow from operating activities	81 284	42 803	-17 141	62 716
Cash flow from investing	-29 764	-41 087	1 805	-66 996
Cash flow from financing activities	-20 216	10 241	32 904	-3 767
Increase/reduction of liquid funds	31 304	11 957	17 568	-8 047
Liquid funds at beginning of year	25 400	36 369	7 458	15 878
Exchange rate difference in liquid funds	66	1 033	32	0
Liquid funds at end of period	56 770	49 359	25 058	7 831

Equity Capital (TSEK)

Group					Sub-total	Minority share-holding	Total Equity	
	Share-capital	Other paid-in capital	Trans-lation reserve	Profit/Loss brought forward				
Opening balance 2010-01-01	35 698	25 631	12 260	508 324	581 913	4 582	586 497	
New share issue	220	5 060			5 280		5 280	
Paid dividends				-19 634	-19 634	-56	-19 690	
Transl.diff. in foreign comp.			4 262		4 262	-398	3 864	
Net profit				43 537	43 537	337	43 874	
Equity 2010-09-30	35 918	30 691	16 522	532 227	615 358	4 465	619 825	
Transl.diff. in foreign comp.			-17 314		-17 314		-17 314	
Net profit				25 340	25 340	-3 149	22 191	
Equity 2010-12-31	35 918	30 691	-792	557 567	623 385	1 316	624 701	
Translation differences			-949		-949		-949	
Paid dividends				-19 755	-19 755		-19 755	
Transl.diff. in foreign comp.			1 193		1 193	154	1 347	
Net profit				87 602	87 602	-187	87 415	
Equity 30 september 2011	35 918	30 691	-548	625 414	691 476	1 283	692 759	
	Restricted equity			Non - restricted equity				
Parent company	Share-capital	Statutory reserve	Sub-total	Share pr. reserve	Fair value reserve	Oth. Non-restr. Eq.	Sub-total	Total Equity
Opening balance 2010-01-01	35 698	1 156	36 855	25 631	1 259	179 955	206 845	243 699
New share issue	220		220	5 060			5 060	5 280
Paid dividends						-19 634	-19 634	-19 634
Net profit						-2 084	-2 084	-2 084
Equity 2010-09-30	35 918	1 156	37 075	30 691	1 259	158 237	190 190	227 263
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						53 510	53 510	53 510
Equity 2010-12-31	35 918	1 156	37 075	30 691	0	208 757	239 451	276 523
Paid dividends						-19 755	-19 755	-19 755
Net profit						16 273	16 273	16 273
Equity 30 september 2011	35 918	1 156	37 075	30 691	0	205 275	235 970	273 041

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

Personnel

Employees	Bulgaria	China	Estonia	India	Italy	Poland	Sweden	Total
2011-09-30	805	579	186	4	5	429	834	2 842

Future reports

Year-end report	January - December 2011	21 February 2012
Annual general meeting	2011	24 April 2012
Interim report Q1	January – March 2012	24 April 2012

For further information, please contact:

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