

Q1



Västerås 20 April 2011

Aros Quality Group AB (publ)

Interim Report January – March 2011

- Net sales 579 MSEK (407)
- Order bookings 577 MSEK (454)
- Operating profit 40 MSEK (7)
- Profit after financial items 37 MSEK (2)
- Equity ratio 56 % (62)
- Earnings per share after tax 1.61 SEK (0.09)

Important events

Net sales, 579 MSEK, are at an all time high for the quarter, an increase of 42 %, excluding acquisitions 25 %, compared with the equivalent period last year. Operating profit, 40 MSEK is the highest result that AQ has ever shown in Q1.

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

As the market grew stronger we experienced above normal increases in the prices of materials, particularly different metals, This has not, however, had a marked impact on AQ's result since we have had succeeded in obtaining compensation for the greater part of the increases thanks to the agreements we have with our customers.

Order bookings have been good; in fact an increase of 27 % compared with the equivalent period in 2010.

The net margin is 6.3 %, somewhat lower than our long-term goal of 8 %, but far in excess of the 0.5 % during the equivalent period last year.

The equity ratio is still good, 56 % (62). AQ's goal is a minimum of 40 %. The fact that the equity ratio is lower than last year can be put down to the acquisition of TVAB.

AQ Segerström & Svensson AB in Eskilstuna is still experiencing certain profitability problems. Ongoing measures have started to yield results at the same time as demand has increased and consequently we can see a positive trend in the company. There are still, however, many improvement measures to carry out.

The production of cabling the AQ runs in Europe is now concentrated at AQ Wiring Systems Sp.Z.o.o. in Poland. The production of cabling in AQ Electric Suzhou Co.Ltd in China is due to commence during Q2.

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 will definitely exceed 2100 MSEK. The profit for the full year is expected to exceed the previous year with margin.

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)

	Q1 2011	Q1 2010	Acc 2011	Acc 2010
Net sales	578 594	407 014	578 594	407 014
Other operating income	3 649	3 163	3 649	3 163
Operating expenses	-542 153	-402 871	-542 153	-402 871
Operating profit/loss	40 090	7 306	40 090	7 306
Result from financial investments	-3 459	-5 226	-3 459	-5 226
Profit/loss after financial items	36 631	2 080	36 631	2 080
Tax on profit for the year	-8 083	-1 058	-8 083	-1 058
Net profit/loss for the year	28 548	1 022	28 548	1 022
Earnings per share after full tax	1,61	0,09	1,61	0,09
Net margin %	6,3%	0,5%	6,3%	0,5%

The Parent Company's Income Statement (tkr)

	Q1 2011	Q1 2010	Acc 2011	Acc 2010
Net sales	8 625	5 655	8 625	5 655
Operating expenses	-3 204	-5 590	-3 204	-5 590
Operating profit/loss	5 421	65	5 421	65
Result from financial investments	-686	1 571	-686	1 571
Profit/loss after financial items	4 735	1 636	4 735	1 636
Tax on profit for the year	-1 245	430	-1 245	430
Net profit/loss for the year	3 490	2 066	3 490	2 066

Balance Sheet (tkr)

Assets	Group		Parent company	
	Q1 2011	Q4 2010	Q1 2011	Q4 2010
Fixed assets	227 975	234 915	207 875	209 846
Inventories, etc.	385 820	388 843		
Other short-term receivables	502 970	458 308	89 940	116 866
Cash and bank balances	45 723	25 400	24 018	7 458
Total assets	1 162 488	1 107 465	321 833	334 170
Equity and liabilities				
Equity	646 906	624 701	280 012	276 523
Untaxed reserves			13 490	13 490
Interest-bearing liabilities	90 293	94 080	0	1 122
Other liabilities	425 289	388 684	28 330	43 035
Total equity and liabilities	1 162 488	1 107 465	321 833	334 170
Solidity	56%	56%	90%	86%

Cash Flow Analysis (tkr)

	Group		Parent company	
	Acc 2011	Acc 2010	Acc 2011	Acc 2010
Net operating profit/loss	40 090	7 306	5 421	65
Result from financial investments	-3 459	-3 201	465	340
Income tax paid	-8 511	-1 374	-1 245	430
Non-cash transactions	14 815	10 100	7	0
Changes in working capital	-11 932	21 415	12 221	49 612
Cash-flow from operating activities	31 003	34 246	16 869	50 446
Cash flow from operating activities	-6 261	-7 704	813	-28 793
Cash flow from financing activities	-3 787	-19 615	-1 122	-9 652
Increase/reduction of liquid funds	20 955	6 927	16 560	12 001
Liquid funds at beginning of year	25 400	36 369	7 458	15 878
Exchange rate difference in liquid funds	-632	-685	0	0
Liquid funds at end of period	45 723	42 611	24 018	27 879

Equity Capital (tkr)

Group	Share-capital	Other paid-in capital	Trans-lation reserve	Profit/Loss brought forward	Sub-total	Minority share-holding	Total Equity	
Opening balance 2010-01-01	35 698	25 631	12 260	508 324	581 913	4 583	586 496	
Transl.diff. in foreign comp.			-944		-944	-245	-1 189	
Net profit				1 545	1 545	-523	1 022	
Equity 2010-03-31	35 698	25 631	11 316	509 869	582 514	3 815	586 329	
New share issue	220	5 060			5 280		5 280	
Paid dividends				-19 634	-19 634		-19 634	
Transl.diff. in foreign comp.			-12 630		-12 630	-209	-12 839	
Tax-effect thereof			522		522		522	
Net profit				67 332	67 332	-2 289	65 043	
Equity 2010-12-31	35 918	30 691	-792	557 567	623 384	1 317	624 701	
Transl.diff. in foreign comp.			-6 303		-6 303	-40	-6 343	
Net profit				28 889	28 889	-341	28 548	
Equity 31 mars 2011	35 918	30 691	-7 095	586 456	645 970	936	646 906	
	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	243 700
Net profit						2 066	2 066	2 066
Equity 2010-03-31	35 698	1 156	36 855	25 631	1 259	182 021	208 911	245 766
New share issue	220		220	5 060			5 060	5 280
Paid dividends						-19 634	-19 634	-19 634
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						49 360	49 360	49 360
Equity 2010-12-31	35 918	1 156	37 075	30 691	0	208 757	239 448	276 522
Net profit						3 490	3 490	3 490
Equity 31 mars 2011	35 918	1 156	37 075	30 691	0	212 247	242 938	280 012

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

Personnel

Employees	Sweden	Estonia	Poland	Italy	Bulgaria	China	Total
2011-03-31	858	187	418	4	760	460	2 687

Future reports

Interim report Q2	January-June 2011	18 July 2011
Interim report Q3	January - Sept. 2011	20 October 2011
Financial statement	2011	21 February 2012
Annual accounts	2011	April 2012

For further information, please contact:

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