



WE ARE RELIABLE

Customer
Focus

Simplicity

Entre-
preneurial
business

Cost
Efficiency

Courage
and
Respect

A word from the CEO

AQ's vision is to be the supplier that demanding industrial customers turn to. We are proud of our customer base, with many customers who are world leaders in their respective fields. Naturally, world-leading customers have particularly stringent requirements when it comes to quality, delivery reliability, cost effectiveness, technical know-how and service. AQ must be able to compete with the best within each industry. Our position as a small, global, quick-footed manufacturer is appreciated by our existing customers and enables us to attract new ones.

One area where we have seen improvement in 2012 is delivery reliability. After focusing on this for a long time, the Group now delivers 96.3% of our orders on time. A number of our subsidiaries have hit the mark with 100% delivery reliability! When it comes to quality, there are many improvement activities underway. However, we have only seen slight improvements in our key indicators. Both parameters require that we continually gauge, monitor and perform improvement activities. In 2012, the quality managers in each of our subsidiaries have come out into the spotlight more. All subsidiaries are ranked according to factors such as quality results. The goal is to cut the number of complaint claims in half in 2013.

In 2012, we implemented our values in all subsidiaries. We achieved this through drives such as our HR manager and yours truly meeting with all management teams and going through everything from AQ's history to a review of our values. Our values are now documented in 10 different languages. Our operations shall be characterised by the phrase "We Are Reliable", regardless of where or with whom at AQ a person comes into contact.

As the Group grows, there is an increased need for financial control and risk management. We have implemented a new Group reporting system called Cognos Controller. It is now easier and faster to measure performance in the operations of the companies and other parts of the organisation. To streamline human resource administration and payroll management, there has been increased centralisation in this area. This should not affect the entrepreneurship of the subsidiaries!

In 2012, the Group achieved a turnover of SEK 2 162 million. This means that we have increased turnover every year since the company's was founded in 1994. During the first three quarters of the year, we achieved a good net margin. Quarter four was a disappointment, with reduced order intake from several customers. This, together with subsequent necessary capacity adaptations, caused the results for the quarter to be weak. In total in 2012, we achieved an operating margin of 5.5%, which is clearly lower than our target of 8%.

Market

After 18 years, AQ now has a structure that feels stable, enabling the company to complete globally through use of defined production processes for demanding industrial customers. The state of the market and competition requires us to ensure we

always have an effective structure and organisation. One of AQ's competitive advantages is the ability to quickly implement changes thanks to our flexible organisational structure.

AQ handles different types of customers – both those who only need technically demanding components and those who want us to deliver a total undertaking with design, purchasing, manufacturing, testing, logistics and aftermarket services. We work both locally and globally with our customers. The customer structure is vast, spanning several markets. The greatest markets are commercial vehicles, complete systems and machines, telecom, food products & medicine and other industry – about 50 customers make up 90% of AQ's turnover.

We offer cost-effective solutions in which development and production are integrated. We work in close collaboration with our customers. We often become involved in the customer's development stages early on so we can contribute our expertise in design, material selection, manufacturing methods and total solutions. With our units in Sweden, Eastern Europe, the Baltic States, Asia and Mexico we can offer the best manufacturing solution possible. We know that the company is well equipped to meet customer expectations both now and in the future.

The main points in our strategy for organic, profitable growth are to

- Prioritise quality and delivery reliability with a high level of service
- Use a modern and efficient production apparatus
- Participate in customers' development and design work

Acquisitions for the year

During the year, there were many opportunities for acquisition out in the market – both in Sweden and in other countries of interest to us. We made two acquisitions during the year – Durapart Industries and Staretor Group AB. Takeover was 1 September and 22 October, respectively. During 2012 as a whole, these two companies had a combined turnover of approximately SEK 320 million. The acquisition of Durapart gave AQ a completely new customer base in North America. Retor Engineering gave AQ a completely new ability to be able to take on complex design projects in plastic and sheet metal for the automotive industry.

Operations

At its core, Sweden is a good country for running international operations. The strengthening of the Swedish krona in recent years has caused an increased pressure for cost cutting in Sweden. At its core, AQ is a Swedish company with Swedish board and executive management. The executive management was expanded during the year and now totals six persons. A programme has been started to help subsidiary management teams develop and be able to handle increased growth – a programme which several subsidiaries have completed with good results. However, a lot of the future growth

must occur abroad, for reasons related to the market. Development of Swedish operations occurs mostly through focus on increased expertise in design and production technology. At the start of 2013, the Group reduced its premises-related costs in Västerås and entered into an agreement to finalise rental costs for a large industrial property in Töcksfors.

Foreign subsidiaries

AQ Electric Suzhou Co. Ltd., which delivers complete electric cabinets and transformers, has seen good growth in electric cabinets while focus within transformer manufacturing has been on improving operations.

AQ Holmbergs Suzhou Co. Ltd., which delivers sheet metal products primarily in the telecom industry, is undergoing a massive expansion phase. To handle the continued expansion, large investments are now being made in expanded machine capacity. Previously manual work operations are now being automated to increase capacity and to increase competitive power as salaries in China increase.

AQ Lasertool OÜ in Estonia, which focuses on sheet metal machining, continued to have good growth and thereby good turnover in 2012. Aluminium encapsulation welding is an area in which the company continues to expand its vast expertise.

AQ Electric AD in Bulgaria is profitable and is in an expansion phase. In 2012, there were continued investments with a focus on increasing capacity. Examples include acquisition of machines for sprayed gaskets and corner shaping on metal doors. Here, we are growing when it comes to stainless steel components and encapsulations for the medical and food product industry, with stringent requirements for quality and finish.

AQ Magnit AD in Bulgaria has been refined to focus on magnetic components (transformers and inductors) and assembly of electromechanical components. The company has a strong position as a manufacturer for the railway industry and complies with stringent requirements for welding certifications. The decision was made that in 2013 the company will take over several areas of responsibility from the Swedish company AQ Trafo AB, such as order administration, warehouse and the remaining manufacturing.

AQ Wiring Systems, which is involved in wiring manufacturing, has now refined companies in Lithuania, Poland and Mexico and part of the company in China and India. Continuous improvement work includes labour organisation, internal flows and method development. For example, training in value analysis (VAVE) is underway and investments are being made in production and measuring equipment. The business has advanced systems that make it possible to directly produce production documentation with material needs right from the customer's data file. During the year, the company has continued to expand its customer base in Germany.

AQ Mechanical & Electrical, our company in Pune, India, is making progress, but not as quickly as planned. The company

has significant order stock in wiring manufacturing and transformers, with deliveries to the local Indian operations of global enterprises.

During the year, our Italian sales and technology company continued its focus on magnetic components for European customers. Production is located in AQ factories in Bulgaria for deliveries within Europe and in China for deliveries within China.

The future

The Board has decided on a programme to reduce the amount of capital tied up in inventory in 2013. It is the Board's assessment that quarter 1 2013 will begin weak but that 2013 as a whole will have better turnover and results compared to 2012. The Group strives to achieve continued profitable growth within its business areas. The growth shall be both organic and via acquisition.

With its good debt-equity ratio of 54%, AQ is on firm footing as it faces the future. Its financial position, together with low exposure to any particular market or customer, puts AQ in a good position to meet future requirements. It is our intention to continue to grow both organically and via acquisition. Expansion is expected to occur with internally generated funds. The growth shall occur both in established markets as well as in markets completely new to AQ.

AQ has no fantastic patents or other protection. We are deep in a world of competition. Our competitive power is based on having the best employees. I would especially like to thank all of our employees, who often silently give their all to meet or exceed customer expectations.

Västerås, March 2013



Claes Mellgren
MD and CEO



Directors' report

General about the company

The Board of Directors and managing director of AQ Group AB (publ), with corporate identification number 556281-8830, hereby present the annual accounts and consolidated accounts for financial year 2012.

AQ Group AB is the parent company in a group, hereinafter referred to as AQ, with the following business concept:

To develop, manufacture and assemble components and systems for demanding industrial customers.

To, with our pledge of total quality, turn our customers into long-term partners.

AQ is one of Sweden's leading suppliers of components and systems to demanding industrial customers. The company is listed on AktieTorget.

The Group operates in two business segments:

Component, which produces transformers, wiring, mechanical components, punched sheet metal and injection-moulded thermoplastic, as well as **System**, which produces systems and power and automation solutions and assembles complete machines in close collaboration with the customers.

Results and development during the financial year plus future development

Net turnover of SEK 2 162 million, which is an increase of 0.6% compared to the previous year. Excluding acquisition net turnover reduced by 7% as a result in reduced demand. Operating profit reduced by 4.3%. Earnings amounted to SEK 98 633 thousand, of which SEK 6 820 thousand affected earnings positively through revaluation of the Group's deferred taxes thanks to a change in the Swedish tax rate. Profit per share was 5.47, which was an increase of 4.8%. When adjusted for the changed tax rate, profit per share was reduced by 2.8%. The Group's financial position is extremely strong, with a debt-equity ratio of 54%.

Apprehension in the international finance markets has affected AQ through scaled-down and postponed delivery plans from a number of customer, particularly in the automotive industry. Measures to reduce both personnel costs and other costs have been implemented.

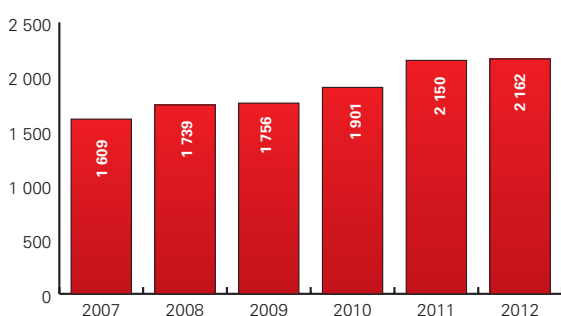
The Group strives to achieve continued profitable growth within its business areas. The growth shall be both organic and via acquisition.

We continue to work tirelessly with a focus on the vital parameters of increased delivery reliability and improved quality.

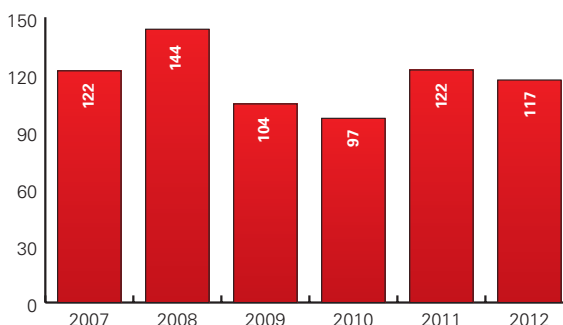
There were instances of restructuring during the financial year. These are described below.

Several leading players in the Group's business areas report slightly reduced sales in 2012. It is the Board's opinion that the market shows long-term stability and will grow with time. The assessment for 2013 as a whole is for turnover and results to be somewhat better compared to 2012.

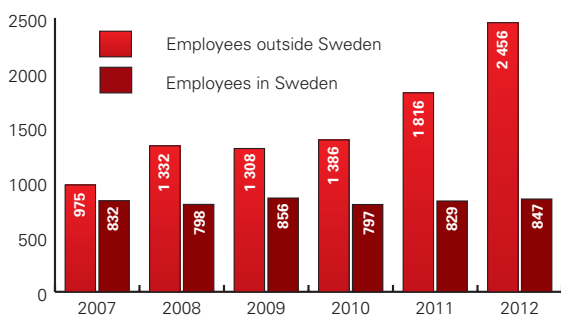
Development of net turnover over 6 years in million SEK.



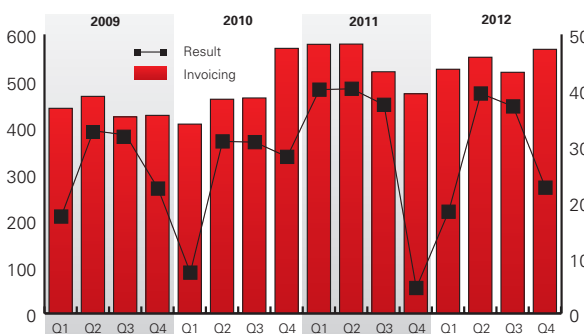
Development of operating profit/loss over 6 years in million SEK.



Development of number of employees over 6 years in number of employees.



AQ Group's invoicing and operating profit/loss per quarter in million SEK.



The development over the past six years is shown below.

GROUP

	2012	2011	2010	2009	2008	2007
Net sales, SEK thousands	2 162 033	2 149 541	1 900 674	1 756 055	1 738 895	1 608 692
Operating profit/loss, SEK thousands	116 997	122 264	96 859	104 424	143 698	121 810
Profit/loss after net financial items, SEK thousands	118 573	119 989	85 804	100 610	144 644	116 291
Operating margin	5%	6%	5%	6%	8%	8%
Cash and cash equivalents	107%	129%	114%	146%	127%	110%
Debt-equity ratio	54%	63%	56%	62%	59%	51%
Return on total assets	11%	11%	10%	12%	17%	16%
Return on equity, excl. tax	13%	14%	11%	14%	22%	23%
Number of employees in Sweden	847	829	797	856	798	832
Number of employees outside of Sweden	2 456	1 816	1 386	1 308	1 332	975

Key indicators per share, SEK ¹⁾

Profit/loss for the year	5,47	5,22	3,85	4,35	6,02	4,87
Dividend ²⁾	1,30	1,30	1,10	1,10	1,10	1,10
Equity	43,45	38,48	34,71	32,60	29,95	23,71
Number of shares, in thousands	18 034	17 959	17 959	17 849	17 849	17 849

1) Adjusted for bonus issue and split (there are no agreements that could lead to share dilution).

2) Proposal presented to AGM for resp. year

PARENT COMPANY

	2012	2011	2010	2009	2008	2007
Net turnover, SEK thousands	49 437	48 650	33 046	27 955	15 879	16 500
Operating profit/loss, SEK thousands	43 404	31 909	13 784	11 241	3 901	8 620
Profit/loss after net financial items, SEK thousands	47 130	68 221	51 480	101 097	62 989	23 339
Cash and cash equivalents	120%	292%	357%	561%	133%	236%
Debt-equity ratio	62%	82%	86%	88%	61%	83%

Definitions

Operating margin, %	Operating profit/loss divided by operating revenue
Cash and cash equivalents, %	Current assets (excl. inventory) divided by current liabilities
Debt-equity ratio, %	Adjusted equity divided by balance sheet total
Return on total assets, %	Profit/loss after financial items plus financial costs divided by the average balance sheet total
Return on equity, %	Profit/loss for the year after tax divided by average equity, incl. minority interest
Profit/loss for the year per share (SEK)	Profit/loss for the year after tax divided by the weighted number of shares

Equity per share (SEK)	Equity divided by number of shares at end of resp. year
Dividend per share (SEK)	Proposed dividend per share for the financial year

Directors' report

Significant events during and after the period

The decision to change the name of the parent company to AQ Group AB was implemented according to plan to create a clearer connection to its subsidiaries.

During the year, our core values were defined and implemented throughout the entire Group, with a focus on values. As a result, employees participated in a review of the Group's values in their own language.

During the year, investments were made to streamline sheet metal production in Swedish operations for approximately SEK 18 million and investments were made in production machines for SEK 23 million primarily for operations in Estonia, Bulgaria, India and China.

Structural changes

On 1 January 2012, AQ Holmbergs AB acquired all shares of the company Vadstena Industriplast Aktiebolag from Vadstena Polymer AB through a cash transaction. The company manufactures injection-moulded plastic components for demanding industrial customers. Company had a turnover of about SEK 60 million in 2011 and has about 40 employees. Integration between

AQ Holmbergs AB and Vadstena Industriplast Aktiebolag is underway. On 20 April 2012, the company was merged into its parent company AQ Holmbergs AB.

In April, AQ founded the company AQ Denmark A/S in Denmark. The company was established to sell components and systems in Denmark and northern Germany. An MD with vast

experience with the market of the regions and with similar sales to industrial customers has been appointed.

On 1 September 2012, 100% of the shares in Durapart Industries AS were acquired for a sum of NOK 67 million plus 35 000 new issue shares, corresponding to 0.2% of the total number of shares in AQ Group. The cash purchase price was bank financed. This acquisition led to a drop in the debt-equity ratio, however it is still far above our target of 40%. Both the new and the existing wiring operations within AQ were coordinated under a common business area – AQ Wiring Systems. The business area is well structured, with fine and well-organised factories in Poland, Lithuania, Mexico, China and India. These factories have a high level of delivery reliability and quality results.

On 22 October, the Group acquired 100% of the shares in Staretor Group AB for 40 000 new issue shares, corresponding to 0.2% of the total number of shares in AQ Group. Staretor Group provides injection-moulded thermoplastic components to the automotive industry and focuses on engineering work for demanding customers. The company has suffered from a reduction in volumes and did not contribute positively to the results in 2012.

In December, there was an internal structural change, where AQ Wiring Systems Sp. z.o.o., which was previously a wholly owned subsidiary of AQ Wiring Systems AB, was acquired by AQ Group AB for the book value.

Share development over 3 years (March 2010 – March 2013)



The graphs were obtained from www.aktietorget.se

Share development over 1 year (March 2012 – March 2013)



GROUP STRUCTURE – OPERATIONS

PARENT COMPANY

AQ Group AB (publ.) (556281-8830)

The company, with its seat in Västerås, is the parent company of the Group. Operations involve overall Group management.

MD: Claes Mellgren



SWEDISH SUBSIDIARIES:

SEGMENT – COMPONENT

AQ Holmbergs AB (556551-8536)

The company designs and manufactures punched metal components, injection-moulded thermoplastic components and thermoplastic combination products. The company operates in Anderstorp and Vadstena.

MD: Anne Ericsson

AQ Mekatronik AB (556666-7829)

The company, with its seat in Västerås, develops, designs, manufactures and sells products for the rail vehicle industry as well as electrical products and relays. The company operates in Västerås and Bollnäs.

MD: Carina Ståhl

AQ ParkoPrint AB (556574-6319)

The company manufactures electromechanical products, such as ticket machines and printers. Operations are run in their own premises in Gävle.

MD: Paul Larsson

AQ Plast AB (556497-2239)

The company designs and manufactures injection-moulded thermoplastic components. The company operates in Västerås.

MD: Magnus Cedergren

AQ Retor Production AB (556690-3083)

Subsidiary of AQ Staretor AB.

The company designs and manufactures injection-moulded thermoplastic components. The company operates in Torslanda.

MD: Leif Plate

AQ Segerström & Svensson AB (556545-8790)

The company machines and assembles sheet metal via pressing, cutting, robot welding and ED/powder painting. The company operates in Eskilstuna and Pålshoda.

MD: Leif Plate

AQ Trafo AB (556443-9726)

The company develops, manufactures and sells inductors and transformers. The company operates in Enköping.

MD: Per Lindblad

AQ Welded Structures AB (556660-2016)

The company develops, manufactures and sells sheet metal components to demanding industrial customers. The company operates in Ludvika.

MD: Per-Anders Trollsfjord

AQ Wiring Systems AB (556630-1437)

The company sells wiring and electromechanical modules to industrial customers, primarily in the Swedish market. The company operates in Töcksfors.

MD: Per Axéll

Directors' report

SEGMENT – SYSTEM

AQ Elautomatik AB (556272-8484)

The company develops, designs, manufactures and installs automation equipment for controlling machines and processes. The company operates in Alingsås, Lund, Surahammar and Örnköldsvik.
MD: Ola Olsson

AQ Elteknik Aktiebolag (556358-1411)

The company develops, designs, manufactures and installs control equipment. The company has its own products, such as sensors for detecting gas and fluid flows and heater jackets to prevent condensation in demanding filter applications. The company operates in Uppsala.
MD: Tobias Hammar

AQ Enclosure Systems AB (556660-1844)

The company manufactures and sells metal products. Production primarily focuses on telecom and mechatronics in the form of cash machines, coffee machines, etc. The company operates in Vaggeryd.
MD: Andreas Mehner

SEGMENT – OTHER

AQ Fastighet i Lund AB (556527-5228)

The company manages a 2 100m² industrial property in Lund, in which AQ Elautomatik AB and external tenants operate.
MD: Ola Olsson

AQ Fastighet i Pålshoda AB (556275-6212)

The company manages a 3 000 m² industrial property in Pålshoda, in which AQ Segerström & Svensson AB operate.
MD: Leif Plate

AQ Fastighet Tokarp AB (556220-0195)

The company manages a 10 000m² industrial property in Anderstorp, in which AQ Holmbergs AB and external tenants operate.
MD: Anne Ericsson

AQ Fastighet i Torslanda AB (556690-3018)

Subsidiary of AQ Staretor AB.
The company manages a 1 500m² industrial property in Torslanda, in which AQ Retor Production AB and AQ Retor Engineering AB operate.
MD: Leif Plate

AQ Fastigheter i Gävle AB (556448-3385)

Subsidiary of AQ ParkoPrint AB.
The company is inactive until further notice.
MD: Paul Larsson

AQ Komponent AB (556443-9734)

The company is inactive until further notice.

AQ 3-Elite AB (556704-6981)

Subsidiary of AQ Staretor AB.
The company is inactive until further notice.
MD: Leif Plate

AQ Retor Engineering AB (556622-8697)

Subsidiary of AQ Staretor AB.
The company operates in Torslanda, offering consulting services focused on engineering work to demanding industrial customers.
MD: Leif Plate

AQ Staretor AB (556690-3026)

The company is the parent company in the Retor Group and has no other operations.
MD: Leif Plate

WE ARE RELIABLE

以客户
为中心

简单

创业
公司

成本
效益

勇气与
尊重

FOREIGN SUBSIDIARIES

SEGMENT – COMPONENT

AQ Denmark A/S, (34 578 567)

The company sells components and systems in Denmark and northern Germany.

MD: Torben Petersen

AQ Holmbergs Suzhou Co. Ltd [2002] - (32190)

The company manufactures and sells punched metal components. Company operations are located in Suzhou, China and focus almost exclusively on external customers in Asia.

MD: Martin Elm

AQ Italy S.R.L. (04056160965)

The company has its seat in Milan, Italy and is a technology and sales company focused primarily on inductive components.

MD: Giovanni Di Manici

AQ Lasertool OÜ (10930852)

The company manufactures, assembles and sells machined sheet metal components within the mechanical engineering industry. The company operates in its own property in Pärnu-maa, Estonia.

MD: Ragnar Koppel

AQ Magnit AD (1220 33267)

The company is owned 99.2% by AQ Group AB. The company manufactures and sells inductive components and relays to, amongst others, AQ Trafo AB and AQ Mekatronik AB. AQ Magnit AD operates in its own property in Godech, Bulgaria.

MD: Krasimir Cholakov

AQ Wiring Systems AS (987 815 566)

The company is the parent company of AQ Wiring Systems UAB and AQ Wiring Systems SA de CV.

The company sells wiring and electromechanical modules to industrial customers. These products are manufactured in the subsidiary AQ Wiring Systems UAB. The company operates in Arendal, Norway.

MD: Per Axéll

AQ Wiring Systems SA de CV (DME051116H2A)

Subsidiary of AQ Wiring Systems AS.

The company manufactures wiring and electromechanical modules for industrial customers. The company operates in Tultitlan Edo, Mexico.

MD: Alejandro Rodarte

AQ Wiring Systems Sp.Z.o.o. (7281357239)

The company manufactures wiring and electromechanical modules for industrial customers. The company operates in Lodz, Poland.

MD: Mikael Alvarsson

AQ Wiring Systems UAB (148 427 212)

Subsidiary of AQ Wiring Systems AS.

The company manufactures wiring and electromechanical modules. The company operates in Panevezys, Lithuania.

MD: Nerijus Olsauskas

AQ Bulgaria EAD (7705/1996)

The company is inactive until further notice.

SEGMENT – SYSTEM

AQ Electric AD (1135 61397)

The company designs and manufactures equipment cabinets and mechanical components. The company operates in its own properties in Radomir, Bulgaria. The company is owned 95.5 %

by AQ Group AB.

MD: Emil Nikolov

AQ Electric Suzhou Co. Ltd ([2006] - (65541))

The company assembles equipment cabinets, wiring, mechanical components and inductive components. Company operations are located in Suzhou, China and focus almost exclusively on external customers in Asia.

MD: James Ahrgren

AQ Mechanical & Electrical Manufacturing India Pvt. Ltd (U31909PN2011FTC139442)

The company manufactures and sells metal products and wiring. The company operates in Pune, India.

MD: Andreas Björk

Directors' report

ENVIRONMENTAL IMPACT

The parent company does not run any operations for which reporting or permits are mandatory in accordance with the Swedish Environmental Code. Within the Group, there are companies who run operations for which reporting is mandatory and companies for which permits are mandatory. Operations for which reporting is mandatory are linked to the Swedish Environmental Code's provisions on plastic manufacturing, machining and discharge of non-chlorinated solvents through evaporation into the air. Operations for which permits are mandatory relate to minor discharge in waste water and air during processes such as powder coating.

OTHER INFORMATION

Investment policy

In addition to the year's acquisition, investments are for normal needs for the current production rate. In 2013, AQ intends to continue investing in its existing business areas.

Personnel policy

The health and well being of our employees have always been an important part of our decision-making process at all levels within the Group. Each company has its own arrangements to encourage employees to perform health-promoting measures, such as subsidised keep-fit activities and stop-smoking programmes. There is also continuous skills development based on company needs.

Dividend policy

The Board's proposal is for dividend to equal approx. 25% of the average profit after tax over one business cycle. However, the financial consolidation needs of the company must always be taken into consideration.

Work of the Board and managing director

Over the past year, the Board was made up of five members, all elected during the 2012 Annual General Meeting. During the year, the Board had five meetings, during which minutes were taken. The Board and managing director work according to an established programme. In reference to remuneration to the Board and managing director in 2012, refer to note 8, Employees.

The Board's proposed guidelines for remuneration to executive officers in AQ in 2013, in accordance with chap 8 § 51 of the Swedish Companies Act, are as follows: For director's fees, the Board proposes a fixed director's fee of SEK 100 000 (100 000) for each of the Board's regular external members. Other executive officers shall receive a fixed fee, currently supplemented with variable remuneration for on person, calculated as a percent of the Group's profit for the year. Remuneration shall not exceed that which can be considered the market rate. There shall be no benefits beyond normal pension benefits as a % of fixed remuneration 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.

Ownership relationship Shareholder	2012-12-31	Votes/ capital	2011-12-31	Votes/ capital
Per-Olof Andersson	6 291 450	34.9%	6 291 450	35.0%
Claes Mellgren	6 389 750	35.4%	6 395 750	35.6%
Other	5 312 858	29.5%	5 271 858	29.4%
Shares being registered	40 000	0.2%		
	18 034 058	100.0%	17 959 058	100.0%

All shares are held with equal voting rights, with no limitations beyond that which is stipulated by the Swedish Companies Act. There are no agreements, laws or provisions in the articles of association which limit the right to transfer shares. The previous Annual General Meeting mandated the Board to, until the Annual General Meeting for the 2012 financial year, make decisions on new issue totalling 2 000 000 new shares through subscription.

There are no provisions in the articles of association or agreements in general which regulate the appointment or dismissal of Board members or severance pay to the same. Furthermore, there are no limitations through agreements or the articles of association related to modification of the articles of association.

Information on risks and uncertainty factors

In reference to the company's financial risk management, cash flows, etc. refer to the financial statements included in the annual report as well as note 2.12.

PROPOSED ALLOCATION OF PROFIT, SEK

The Board proposes that the distributable earnings, SEK 272 427 563, be distributed as follows:

Available

Share premium reserve	34 014 103
Profit brought forward incl. profit/loss for the year	238 413 460
Total non-restricted equity	272 427 563

Disposition

Distributed to shareholders, SEK 1.30 per share	23 444 275
Carried forward ¹⁾	248 983 288
Total	272 427 563

1) of which returns to premium reserve 34 014 103

BOARD STATEMENT

The Board's proposal for appropriation of profits, draft terms for distribution of profits and reasoned opinion are in accordance with chap 18 § 4 of the Swedish Companies Act (2005:551).

Provided that the Annual General Meeting for financial year 2012 approves the Board's proposal on profit allocation, SEK 248 983 288 will be carried forward. There is full coverage for the company's restricted equity after the proposed allocation of profit. The Board has considered the consolidation needs of the company and the Group through a comprehensive assessment of the financial position and its ability to eventually meet its obligations. The proposed dividend does not jeopardise the company's ability to make the investments deemed necessary. The company's financial position does not lead to any conclusion other than that the company can continue its operations and that the company is expected to fulfil both its short-term and its long-term obligations. The Board has taken into account all known circumstances that may impact the company's financial position and that has not been considered within the context of assessing the company's consolidation needs and liquidity. With reference to the above, the Board deems the dividend justifiable in relation to the requirements that the nature, scope and risks of the operations pose for the size of company and Group equity as well as the company's and Group's consolidation need, liquidity and position in general. In relation to the company's and the Group's earnings and financial position in general, refer to the income statements, balance sheets, cash flow statements as well as the comments and notes.

The Board suggests that the following conditions shall apply to allocation of profit:

- SEK 1.30 per share shall be distributed and
- the settlement date is 29 April 2013.



income statements
and statements
of comprehensive
income

Income statements

Thousand SEK	Note	Group		Parent company	
		2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
OPERATING REVENUE					
Net sales	5	2 162 033	2 149 541	49 437	48 650
Other operating income	6	41 886	11 149	9 370	
Capitalised production			243		
		2 203 919	2 160 934	58 807	48 650
OPERATING EXPENSES					
Change in inventories of finished products and work in progress		-7 564	259		
Raw materials and consumables		-1 126 328	-1 096 826		
Goods for resale		-28 213	-27 444		
Other external expenses	7	-274 836	-309 639	-6 783	-9 472
Personnel costs	8	-573 470	-548 019	-8 579	-7 229
Depreciation and amortisation		-45 725	-44 742	-41	-41
Other operating expenses		-30 786	-12 258		
		-2 086 922	-2 038 669	-15 403	-16 741
Operating profit/loss		116 997	122 264	43 404	31 909
PROFIT/LOSS FROM FINANCIAL INVESTMENTS					
Profit/loss from participations in group companies	9				32 324
Financial income	10	28 334	4 313	6 097	5 931
Financial expenses	11	-26 758	-6 589	-2 372	-1 943
Net financial income/expense		1 576	-2 276	3 725	36 312
Earnings before tax		118 573	119 989	47 130	68 221
Appropriations	12			8 200	-36 200
Taxes	13	-19 939	-25 876	-14 590	-2
Profit/loss for the year		98 633	94 113	40 740	32 018
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO					
- Parent company shareholders		98 531	92 880		
- Holdings without controlling influence		103	1 233		
		98 633	94 113		
SHARE-RELATED REPORTING, SEK ¹⁾					
Profit/loss for the year per share ²⁾		5.47	5.22		

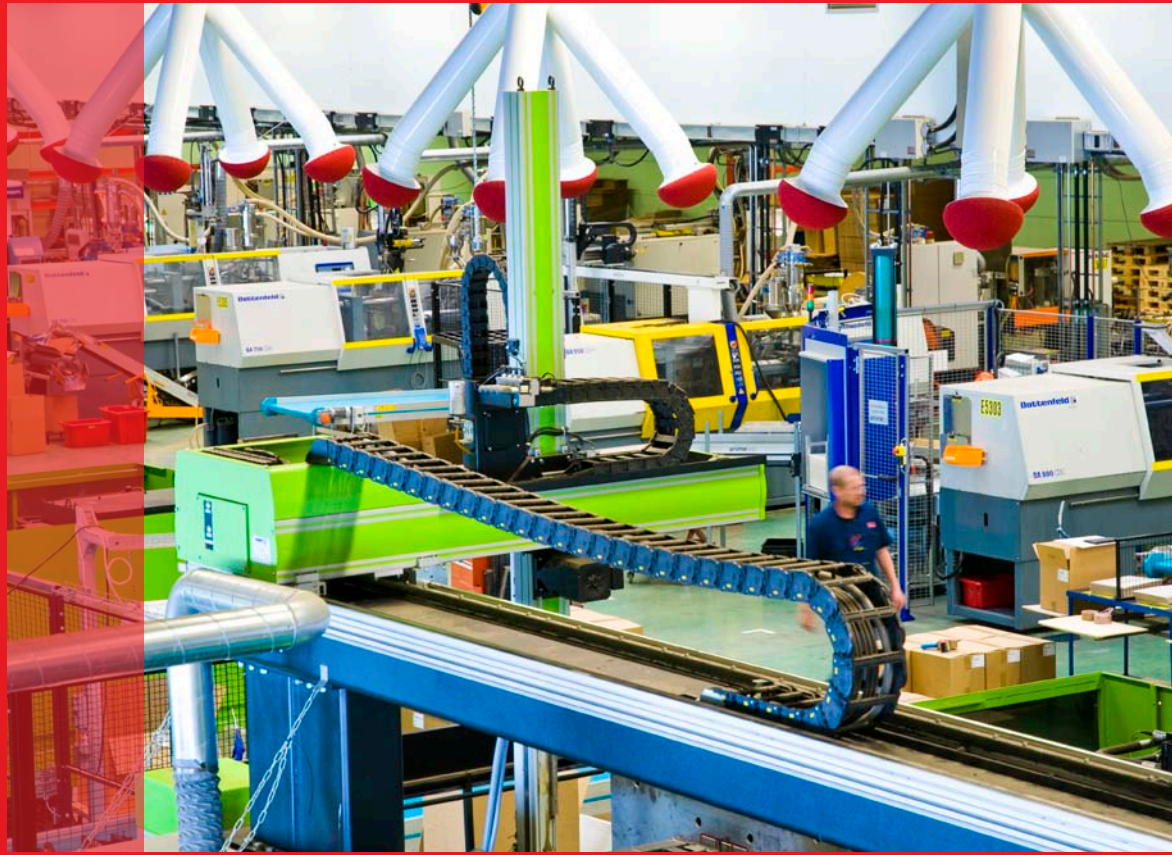
1) Reported amount adjusted for split and bonus issue.

2) During the year, 75 000 shares were issued. Otherwise, there were no transactions that could lead to dilution effects.

Statements of comprehensive income

Thousand SEK	Note	Group		Parent company	
		2012-01-01	2011-01-01	2012-01-01	2011-01-01
		2012-12-31	2011-12-31	2012-12-31	2011-12-31
REPORTED NET FROM INCOME STATEMENTS					
Profit/loss for the year		98 633	94 113	40 740	32 018
SPECIFICATION – OTHER COMPREHENSIVE INCOME					
Other translation differences		-8 247	3 129		
Other comprehensive income for the year after tax		-8 247	3 129		
Comprehensive income for the year		90 386	97 242	40 740	32 018
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO					
- Parent company shareholders		90 327	96 010		
- Holdings without controlling influence		59	1 232		
		90 386	97 242		





balance sheets

Balance sheets

Thousand SEK	Note	Group		Parent company	
		2012-12-31	2011-12-31	2012-12-31	2011-12-31
ASSETS					
FIXED ASSETS					
<i>Intangible assets</i>					
Capitalised expenditure	14	12 619	15 209		
Goodwill	15	74 810			
		87 429	15 209		
<i>Tangible assets</i>					
Land and buildings	16	88 087	76 100		
Plant and machinery	17	106 006	108 722		
Equipment, tools, fixtures and fittings	18	41 891	19 102	36	77
Construction in progress	19	8 511	7 661		
		244 495	211 585	36	77
<i>Financial assets</i>					
Participations in group companies	20			276 011	170 503
Receivables from group companies	21			25 873	36 236
Deferred tax assets	13	4 129	3 419		
Financial investments	22	1 806	2 046		
		5 934	5 465	301 884	206 739
TOTAL FIXED ASSETS		337 858	232 258	301 919	206 816
CURRENT ASSETS					
<i>Inventories</i>					
	2				
Raw materials and consumables		336 584	288 093		
Work in progress		30 729	37 069		
Finished goods and good for resale		99 382	76 363		
		466 695	401 525		
<i>Current receivables</i>					
Accounts receivable	2	522 990	373 015		
Receivables from group companies				227 366	123 545
Prepaid tax	13	20 749	9 950		7 060
Other receivables	23	24 367	16 772		82
Prepaid expenses/accrued income	24	15 721	13 728	127	317
		583 828	413 465	227 493	131 004
Liquid assets – Cash and cash equivalents	32	55 893	58 078	10 004	27 346
		55 893	58 078	10 004	27 346
TOTAL CURRENT ASSETS		1 106 415	873 068	237 497	158 349
TOTAL ASSETS		1 444 274	1 105 327	539 416	365 165

Balance sheets

Thousand SEK	Note	Group		Parent company	
		2012-12-31	2011-12-31	2012-12-31	2011-12-31
EQUITY AND LIABILITIES					
EQUITY	25				
Share capital		36 068	35 918	36 068	35 918
Statutory reserve – parent company				1 156	1 156
Restricted equity, in the parent company				37 225	37 075
Other capital contribution/share premium reserve		34 014	30 691	34 014	30 691
Reserve/accumulated deficit – group			2 336		
Profit/loss brought forward incl. profit/loss for the year		713 326	621 957	238 413	221 020
Non-restricted equity, in the parent company				272 428	251 711
<i>of which profit/loss for the year</i>				<i>40 740</i>	<i>32 018</i>
Attributable to parent company shareholders		783 408	690 901	309 652	288 786
Holdings without controlling influence		143	84		
TOTAL EQUITY		783 551	690 985	309 652	288 786
Untaxed reserves	26			31 140	12 740
LIABILITIES					
<i>Interest-bearing long-term liabilities</i>					
Long-term liabilities to credit institutions	27	22 383	9 398		
<i>Long-term, non-interest-bearing liabilities</i>					
Deferred tax liabilities	13	36 867	39 711		
Provisions for pensions	28	3 666	793		
Other provisions	28	1 921			9 370
Total long-term liabilities		64 837	49 902		9 370
<i>Interest-bearing, current liabilities</i>					
Bank overdraft facilities	27, 32	205 797	48 351	49 039	22 193
Other liabilities to credit institutions	27	23 861	3 080		
<i>Other current liabilities</i>					
Provisions for warranty undertakings	28	248	997		
Advance payments from customers		6 047	10 386		
Accounts payable	2	209 270	173 311	548	639
Liabilities to group companies				136 096	25 532
Income tax liabilities	13	15 642	4 112	7 528	
Other liabilities	29	43 774	35 269	3 343	3 537
Accrued expenses/deferred income	30	91 245	88 934	2 069	2 370
Total current liabilities		595 885	364 440	198 624	54 269
TOTAL LIABILITIES		660 723	414 342	198 624	63 639
TOTAL EQUITY AND LIABILITIES		1 444 274	1 105 327	539 416	365 165

Balance sheets

Thousands SEK	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Memorandum items				
Information on pledged assets in the Group is reported in note 27.				
Pledged assets				
Property mortgages	87 650	87 650	NONE	NONE
Floating charges	212 900	204 250		
<i>of which in own custody</i>	30 225			
Ownership reservation regarding leased machines, reported in balance sheet in accordance with IAS 17	11 616	13 332		
Other ownership reservation	221	1 999		
Contingent liabilities				
Contingent liabilities for group companies			1 866	1 869
Other contingent liabilities	166	169		





statements
of changes
in equity

Statements of changes in equity

GROUP

Thousands SEK	Equity attributable to parent company shareholders					Minority interest	Total equity
	Share capital	Other capital contribution	Translation reserve	Profit/loss brought forward	Subtotal		
Equity, 2011-01-01	35 918	30 691	-792	557 568	623 385	1 316	624 701
Profit/loss for the year				95 345	95 345	-1 233	94 112
Other translation differences			3 128		3 128	1	3 129
Other comprehensive income			3 128		3 128	1	3 129
Dividends paid				-19 755	-19 755		-19 755
Minority interest purchased				-11 202	-11 202		-11 202
Transactions with shareholders				-30 957	-30 957		-30 957
Equity, 2012-01-01	35 918	30 691	2 336	621 956	690 901	84	690 985
Profit/loss for the year				98 531	98 531	103	98 633
Translation diff. in foreign operations			-8 204		-8 204	-44	-8 247
Other comprehensive income			-8 204		-8 204	-44	-8 247
New issue (subscription)	150	3 323			3 473		3 473
Via company acquisition				22 054	22 054		22 054
Dividends paid				-23 347	-23 347		-23 347
Transactions with shareholders	150	3 323		-1 293	2 180		2 180
Equity, 2012-12-31	36 068	34 014	-5 868	719 194	783 408	142	783 551

Statements of changes in equity

PARENT COMPANY

Thousands SEK	Restricted equity			Non-restricted equity			Total equity	
	Share capital	Statutory reserve	Subtotal	Share premium reserve	Actual value	Other non-restricted equity		Subtotal
Equity, 2011-01-01	35 918	1 156	37 075	30 691		208 757	239 448	276 523
Profit/loss for the year						32 018	32 018	32 018
Dividend to shareholders						-19 755	-19 755	-19 755
Transactions with shareholders						-19 755	-19 755	-19 755
Equity, 2012-01-01	35 918	1 156	37 075	30 691		221 020	251 711	288 786
Profit/loss for the year						40 740	40 740	40 740
New issue (subscription)	150		150	3 323			3 323	3 473
Dividend to shareholders						-23 347	-23 347	-23 347
Transactions with shareholders	150		150	3 323		-23 347	-20 024	-19 874
Equity, 2012-12-31	36 068	1 156	37 225	34 014		238 413	272 427	309 652

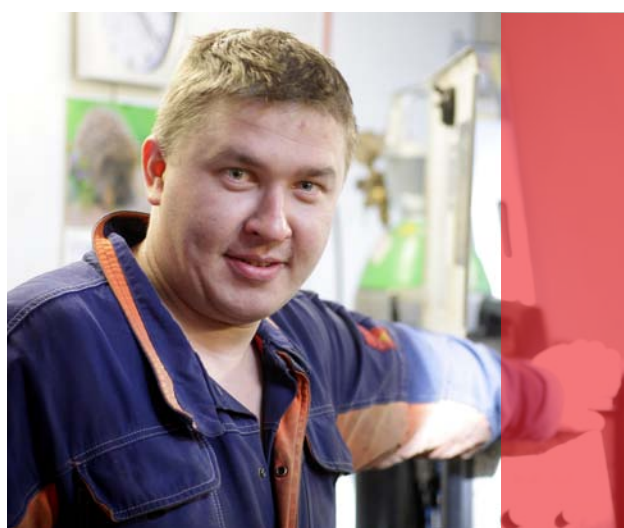


cash flow statements

Cash flow statements

Thousands SEK	Note	Group		Parent company	
		2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
OPERATING ACTIVITIES					
Operating profit/loss		116 997	122 264	43 404	31 909
<i>Adjustment for items not included in the cash flow</i>					
Depreciation		45 725	44 742	41	41
Change in long-term provisions		2 643	-293		
Capital gain/loss upon sale of equipment		1 278	-1 058		
Other items not affecting liquidity (incl. exchange rate difference)		682	835	-241	
		50 328	44 225	-200	41
Interest/dividend received (not Group)	10	1 706	825	5 121	206
Interest paid	11	-2 993	-4 709	-1 096	-555
Income tax paid	13	-19 616	-25 039	-2	-2
Cash flow from operating activities before change in working capital		146 422	137 566	47 228	31 599
<i>Change in working capital</i>					
Increase (-)/decrease (+) in inventories		1 559	-17 047		
Increase (-)/decrease (+) in receivables		-56 394	49 037	-10 418	-14 138
Increase (-)/decrease (+) in accounts payable		-11 387	-40 390	-90	231
Incr. (+)/decr. (-) in other short-term, non-interest-bearing liabilities		-35 620	-28 429	-9 866	-1 819
Change in working capital		-101 482	-36 829	-20 374	-15 726
Cash flow from operating activities		44 580	100 737	26 853	15 873
INVESTMENT ACTIVITIES					
Acquisition of shares in subsidiaries	31	-84 430		-78 085	-19 335
Acquisition of intangible assets		-1 665	-1 378		
Acquisition of tangible assets		-45 739	-42 951		-59
Acquisition of financial assets		289	-1 474		
Sale of intangible assets			198		
Sale of tangible assets		-1 278	4 905		
Purchase/sale of current investment in securities			40		
Group contribution/shareholders' contribution paid/received				7 095	-36 950
Dividend received from group companies	9				58 479
Change in long-term inter-company transactions				-6 614	403
Cash flow from investment activities		-132 823	-40 660	-77 604	2 538

Thousands SEK	Note	Group		Parent company	
		2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
FINANCING ACTIVITIES					
Borrowings		36 730			
Borrowings (IAS 17 liability, leasing)		4 175			
Loan amortisation		-4 728	-549		
Loan amortisation (IAS 17 liability, leasing)		-2 410	-3 566		
Change in bank overdraft facilities		74 230	8 195	26 847	21 070
Acquisition of shares in subsidiary as holdings without controlling influence			-14 576		
Dividend to parent company shareholders		-23 347	-19 755	-23 347	-19 755
Other changes in financing activities				29 967	
Cash flow from financing activities		84 650	-30 252	33 467	1 315
Increase/decrease in liquid assets		-3 592	29 825	-17 283	19 726
Liquid assets at start of year		58 078	25 400	27 346	7 458
Exchange rate difference in liquid assets		1 407	2 852	-59	162
Liquid assets at year-end	32	55 893	58 078	10 004	27 346





notes to the financial statements

Notes to the financial statements

NOTE 1 GENERAL INFORMATION

AQ Group AB (publ) and its subsidiaries work under the brand AQ. AQ designs, manufactures and sells products in two segments – Component, which produces transformers, wiring, mechanical components, punched sheet metal and injection-moulded thermo-plastic, and System, which produces systems, power solutions and automation solutions and assembles complete machines.

AQ Group AB (publ) is the parent company of the group. As in the preceding years, parent company turnover is almost exclusive-

ly made up of sales of management services to subsidiaries. There are no purchases from subsidiaries in any significant scope.

The parent company, which has been listed on AktieTorget since 2001, has its seat in Västerås, Sweden. The address of the head office is Regattagatan 29, 723 48 Västerås. The consolidated financial statements for AQ Group AB for financial year 2012 have been approved for publication by the Board and is available on the company website www.aqq.se as of 10 April 2013. Additional information is also available on the website.

NOTE 2 REPORT REGARDING APPLICATION OF ACCOUNTING PRINCIPLES

A description of the accounting principles applied when preparing this annual report is found below. The principles have been applied consistently to all presented years unless otherwise indicated.

2.1 Fundamental standards and legislation

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU.

The consolidated financial statements are furthermore prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups). When measuring assets and liabilities, the acquisition value method was applied, unless otherwise specified. The items in the income statement and balance sheet are reported gross unless otherwise indicated below.

The parent company does not have its own producing unit, but instead serves as a holding company. The parent company applies the same accounting principles as the Group, with the addition of RFR 2 (Accounting for Legal Entities) instead of RFR 1.

The functional currency of the parent company is Swedish kronor (SEK). This also serves as the reporting currency for the parent company and the Group.

Unless otherwise specified, all amounts are rounded to the nearest thousand.

2.2 Consolidated financial statements – acquisitions

The consolidated financial statements include all subsidiaries in AQ. A subsidiary is defined as a company for which the Group has the right to define financial and operative strategies, usually as the result of the Group possessing more than half of the votes. A subsidiary is included starting from the date the Group gains a controlling influence in the company. Similarly, a subsidiary is excluded starting from the date the controlling influence ceases. At present, the Group has no holdings without controlling influence.

When incorporating a subsidiary's accounting into the Group, IFRS 3, Acquisition, is applied. During acquisition, an acquisition analysis is prepared following the acquisition method. The acquisition cost of an acquisition is made up of the actual value of assets provided as compensation, issued instruments for equity and generated or acquired liabilities per closing date. Transactions fees applied in conjunction with acquisition are charged to expenses directly. The excess amount between the acquisition value and the actual value of the Group's share of acquired net assets is reported as goodwill. Any shortfall, negative goodwill, is reported directly in the income statement under Other operating income.

Conditional purchase prices are assessed at their actual value at the time of acquisition. If it is matched by a liability, this must be converted to fair value via the income statement at each instance of reporting. Intra-group balance sheet items as well as transactions and unrealised gains/losses on such are eliminated.

Foreign subsidiaries are converted through application of the current rate method. This means that the income statement and

profit/loss for the year in the balance sheet are converted using an average exchange rate while other items in the balance sheet are converted using the exchange rate on closing day. Conversion differences that occur are reported in the income statement via the statement of comprehensive income.

2.3 Segment reporting

A segment is characterised as that which runs a business that generates revenue and incurs costs and for which there is financial information that is regularly reviewed by the executive decision makers of the company for control of the same through allocation of resources and assessment of results. In accordance with IFRS 8, an identified segment is to be reported separately if company management believes this to be useful to users of the financial statements or if it achieves one of the following quantitative values:

- 1) 10% of the segment's total revenue, external and internal (approx. SEK 200 million).
- 2) 10% of the highest of the segment's reported profits or losses in absolute figures (approx. SEK 10 million).
- 3) 10% of the total assets of all segments (approx. SEK 100 million).

In AQ, the executive decision makers of the company follow the reporting company by company. Two business areas are presented in the segment reporting – Component and System. Each has similar economic characteristics, products, production processes and customer categories. Management believes that this is consistent with the identification of operating segments under IFRS 8.

The reporting of segments also includes a geographical breakdown. AQ's primary market is Sweden (approx. 65%). None of the other geographic markets reach a level of 10% of turnover, thus they are reported as one market under the heading "Other markets".

The parent company's turnover is derived almost exclusively from the Swedish subsidiaries. The parent company's financial statements are included in the adjustment item together with the property companies in the segment reporting.

More detailed information is found in note 5 Segment reporting.

2.4 Revenue

Revenue comprises the fair value of sold goods and services net of VAT and discounts as well as elimination of intra-group sales. Revenue is reported as follows:

a) Sale of goods

Sales of goods are recognised when a group company has delivered products to a customer and the risk for the product has essentially passed to the customer and it is probable that future economic benefits will flow to the company and that they can be measured reliably. All products are sold with differentiated contractual warranties. The collective experience is used to continually assess the level of provisions which must be made for warranty undertakings.

Notes to the financial statements

b) Sale of goods (with significant elements of services)

At present does not exist within the Group (see note 2.8).

c) Financial income

Financial income comprises interest income on bank deposits and loans as well as realised and unrealised exchange rate differences in the financial sector. The income is reported when the right to receive payment and the size of such have been determined.

2.5 Benefits to employees

Accounting of employee benefits is governed by IAS 19 (except for share-based payments, which are regulated in IFRS 2). There are five defined types of benefits – short-term benefits, post-employment benefits, other long-term benefits to employees, termination benefits and share-based payments.

1) Short-term benefits

This category includes wages, social security contributions, holiday and sickness benefits, earnings-related compensation, etc. as well as benefits for current employees, including bonuses and shares of profits.

2) Post-employment benefits

Group employees have contractual pensions largely based on defined contribution pension plans. Most salaried employees within the Group currently have pension agreements with Alecta (ITP), which are classified as defined benefit pension plans. Provisions only exist in the Italian company and the size of these defined benefit pension plans are insignificant to the Group.

In 2012, the companies paid a total of SEK 6 674 (6 196) thousand in pension expenses to Alecta. In accordance with IAS 19 and UFR 3/6, the ITP pensions financed via Alecta are to be handled as defined contribution pension plans until further notice as information from Alecta does not enable reporting as defined benefit pension plans. The information to be submitted beyond the above, in accordance with IAS 19, regards degree of consolidation. Collective consolidation is a buffer for Alecta's insurance obligation against variations in return on capital and insurance risks. This is the difference between Alecta's assets and insurance obligations to policyholders and insured.

The reported degree of consolidation below regards Alecta's assets as a percentage of the insurance obligations. Alecta has provided the following information regarding consolidation level: "The collective consolidation level shall normally be allowed to vary between 125 and 155%, with a target level of 140%. If the collective consolidation level is below 125% or above 155%, action must be taken to create the conditions that cause the consolidation to return to the normal interval."

The degree of consolidation for December was 129.0% (113.0).

3) Other long-term benefits to employees

This category includes compensation for sabbaticals, compensation for anniversaries and compensation in the event of long-term inability to work. Long-term benefits also refers to compensation paid to reward long length of service.

4) Termination benefits

There are no agreements regarding severance pay or the like within the Group.

5) Share-based payments

There are no share-based payments within the Group.

2.6 Leasing agreements

Financial leasing exists when the economic risks and benefits associated to ownership are essentially transferred to the lessee. In other cases, operational leasing applies. Recognition of financial

leasing means that fixed assets are reported as an asset in the balance sheet, with corresponding debit item initially. The fixed assets are depreciated over their period of utilisation. The leasing fees are divided into interest expense for the period and amortisation of the debit item.

Operational leasing agreements are normally expensed linearly over the leasing period. Any variable fees are expensed directly in the income statement.

2.7 Fixed assets

Intangible assets with indefinite utilisation period

Goodwill represents the excess of the cost of the acquisition of companies or businesses over the fair value of the identifiable net assets at the acquisition date. When preparing the acquisition analysis, intangible assets, such as customer relationships and brands, are included at market value with the remaining reported as goodwill. Goodwill and other intangible assets with indefinite utilisation period are valued at acquisition value minus any amortisation. There is no depreciation according to plan for these assets. Impairment testing is instead performed annually or more often if there is indication of a significant decline in value, in accordance with IAS 36.

Other intangible assets

Other intangible assets relate primarily to customer relationships and acquired software. Computer programs are depreciated following a straight plan of 5 years and identified, acquired customer relationships are depreciated according to a declining balance plan over 5 years (60 months).

Tangible assets

Land and buildings include factories and offices. There are no investment properties within the Group. The acquisition value includes expenses directly attributable to the acquisition. The difference between the group value and recognition in legal entity is approx. 1%. Plant and machinery consists solely of assets intended for production, while equipment, tools, fixtures and fittings are divided 50/50 between offices and production. The acquisition value includes expenses directly attributable to the acquisition. Machinery and equipment are reported at the acquisition cost with a deduction for accumulated depreciation and write-downs. In reference to reporting of directly acquired net assets ("asset acquisition"), see note 2.2 above. Costs for repairs and maintenance to maintain and marginal improvements to production capacity, in the plant, are expensed directly in the income statement. Fixed assets are depreciated linearly over the estimated utilisation period, normally without calculated residual value.

The assets are depreciate over the time periods indicated below.

Buildings	25 years
Improvement expenses on leasehold	20 years
Land improvements	20 years
Machines	5-10 years
Equipment, tools, fixtures and fittings	3-10 years

Depreciation and amortisation are specified in the note for the respective balance sheet item. In reference to differences between tax and book value, refer to the section on income taxes below.

Financial assets

See note 2.12 – Financial instruments

Notes to the financial statements

2.8 Inventories (Other receivables)

a) *Goods for resale, raw materials and consumables and purchased finished/semi-finished products* are valued at the acquisition value or the net realisable value, whichever is lower. The acquisition value is calculated as a weighted average calculation, which is expected to be close to what the FIFO method would produce. Calculation of net realisable value arises when a risk of obsolescence has been identified in an inventory item, such as with slow movement. Read more below.

b) *Finished products and work in progress* are valued as direct costs and a reasonable proportion of indirect costs, based on normal utilisation capacity. The change is reported in the income statement.

c) *Work in progress on behalf of another party* is valued as direct costs and a reasonable proportion of indirect costs unless the degree of completion can be measured reliably. The degree of completion is determined based on costs incurred at closing day compared with total budgeted costs.

The percentage of completion method is applied to the degree that completion can be measured reliably. If a potential loss occurs at settlement, this is immediately recognised as an expense. In the balance sheet, work in progress that is reported following the percentage of completion method is reported net under Other receivables.

In the consolidated financial statements, there is elimination of any intercompany profits in inventories.

Of the reported inventory values for raw materials and consumables SEK 336 584 (288 093) thousand, 95% is expected to be turned over within one year. Other inventory values, such as work in progress, finished products and goods for resale, totalling SEK 130 111 (113 432) thousand, are expected to be turned over in their entirety within one year. On closing day, there was write-down of inventory value at about SEK 13 million (11) based on an estimate made following a prescribed obsolescence scale with a calculated future cash flow based on a historical analysis in each company.

2.9 Effects of changed exchange rates

a) Functional currency and reporting currency

Functional currency is the currency used in the economic environment in which the company operates. The financial statements are presented in Swedish kronor (SEK), which is the functional currency of the parent company.

b) Transactions and balance sheet items

Transactions in foreign currency are translated using the rate prevailing on the transaction date. Exchange gains and losses resulting from the settlement of such transactions and monetary assets and liabilities in foreign currencies are translated at the closing day rate and reported gross in the income statement. There is no hedging within the Group on closing day.

c) Group companies

When consolidating foreign operations, exchange rate differences arising from the translation of net investments are posted in Equity in the balance sheet and Other comprehensive income in the income statement. In the event of disposal of a foreign operation, the related accumulated translation difference is reported in the income statement, thereby affecting the results of the period in question.

2.10 Provisions

Information on provisions for employee pension obligations, etc. is found in note 2.5 above. If there are a number of similar obligations, an individual assessment is usually made regarding the probability of whether an outflow of resources from the company

will be required. A provision is recognised when the probability of outflow with respect to a special item in this group of obligations is likely. Provision is made at the amount corresponding to the best estimate of that which is required to settle the existing obligation on closing day.

2.11 Income taxes

Reported tax for the period comprises current tax and deferred tax. When the tax is based on an underlying transaction that is reported directly against equity, the tax effect is also reported directly against equity. Otherwise, the tax is reported in the income statement. Current tax is the tax payable or receivable for the year, adjusted for any correction of current tax from previous years.

Deferred tax is reported in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their reported values in the consolidated financial statements. Temporary differences are not recognised for differences arising on reporting of consolidated goodwill or for the initial recognition of assets and liabilities that are not business acquisitions and that at the time of the transaction do not affect reported or taxable profit.

Deferred taxes are calculated using the tax rates expected to apply when the tax shall be settled, which are normally the tax rates enacted on closing day. Deferred tax assets for deficit deduction are recognised only to the extent that it is likely that they can be utilised. Deferred tax liabilities consist mainly of untaxed reserves, which are divided into equity and deferred tax in the consolidated financial statements. The amount includes deferred tax liabilities on the properties recognised at a higher value than the tax value.

The parent company's balance sheet items include deferred tax only as a component of untaxed reserves. Due to the connection between accounting and taxation, these are not reported separately. Thus no deferred taxes are reported in the parent company's financial statements.

2.12 Financial instruments, incl. risks and uncertainty factors

Financial instruments reported in the balance sheet primarily include the following assets: cash and cash equivalents, accounts receivable, other receivables and financial investments. The included liabilities are primarily accounts payable, other liabilities and borrowings.

Presented below are these financial instruments with classification in accordance with IAS 32, accounting and measurement in accordance with IAS 39 and disclosure of risk information in accordance with IFRS 7. The classification depends on the purpose for which the instruments were acquired. Management determined the classification of the investments at initial recognition and evaluates this decision at each instance of reporting. Accounting for acquisition and sale of financial instruments occurs on the trade date.

The following instruments have been found in the consolidated balance sheet for the last two financial years with the following categorisation: 1) Accounts receivable, etc. – accounts receivable, other receivables (incl. group) plus cash and cash equivalents, 2) Financial assets available for sale – financial investments, plus 3) Other financial liabilities, borrowings, accounts payable and other liabilities (incl. group). Fair value is not reported separately below as we believe that the reported values are an acceptable approximation of the fair value. Accounts receivable and other receivables are financial assets that are not derivatives, have fixed or determinable payments and are not listed in an active market. The same applies to other receivables to the extent that they can be classified as financial instruments; all are valued at accrued acquisition value, which initially corresponds to fair value. At year-end, there is impairment testing for bad debts; see credit risks below.

Notes to the financial statements

Accounts receivable, etc. Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Accounts receivable	522 990	373 015		
Receivables from group companies			253 239	159 781
Other receivables – part of	9 511	8 156		85
Liquid assets – Cash and cash equivalents	55 893	58 078	10 004	27 346
Total	588 394	439 250	263 243	187 211

Liquid assets consist of cash on hand and deposits held at call at banks and comparable institutions. There are no obstacles to utilisation.

The Group's undrawn bank overdraft facilities amount to SEK 87 million (82); see also note 32. Linked to the bank overdraft facilities are two conditions stipulated in the covenant. One relates to restrictions on the Group's net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA). The other limits

indebtedness, net debt/equity. In full year 2012, AQ fulfilled the condition by a good margin.

Financial assets available for sale include holdings of shares and participations not reported as a subsidiary. Assets in this category are measured continually at fair value with value changes, including changes in exchange rates, and are reported as other comprehensive income in the income statement.

Financial assets available for sale Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Financial investments	1 806	2 046	0	
	1 806	2 046	0	

Loans and other financial liabilities, e.g. accounts payable, are included in the category *Other financial liabilities*. These liabilities are valued at accrued acquisition value, which initially corresponds

to fair value. Read more about liquidity and interest risk under *General risk exposure* below.

Other financial liabilities Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Long-term liabilities to credit institutions	22 383	9 398		
Bank overdraft facilities	205 797	48 351	49 039	22 193
Other liabilities to credit institutions	23 861	3 080		
Accounts payable	209 270	173 311	548	639
Other liabilities – part of	12 866	13 001		83
Liabilities to group companies			131 651	25 532
Total	474 178	247 141	181 239	48 446

The description of liquidity risk below includes a maturity analysis for financial liabilities. For AQ, the above means that virtually all financial instruments are reported at acquisition value and any reporting of value change, such as for exchange rates, is done in the income statement.

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. Accounts receivable items are recognised in the balance sheet when the invoice is sent. Accounts payable items are recognised when the invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to part of a financial asset or liability.

The Group's activities expose it to various types of financial risks.

Financial risks refer to fluctuations in the company's earnings and cash flow as the result of changes in exchange rates, interest

rates, refinancing risks and credit risks. The Group's finance policy for managing financial risks has been shaped by Group management and provides guidelines in the form of risk mandate and limits for finance activities. The overall objective of the Group's finance policy is to provide cost-effective financing and to minimise negative effects to Group earnings arising from market risks. A general description of risks and uncertainties and the management of such is found below.

General risk exposure from financial assets and liabilities

Group management divides risks into credit risk, liquidity risk and market risk. Market risk is then broken down into interest risk, currency risk and price risk, the last of which regards both purchases and sales. At present, Group management has chosen not to trade with hedging. The objective is to address the risks through currency and commodity clauses in agreements with customers and suppliers. Because of its experience in rejecting the use of hedging for the named risks, management has no intention of changing the current policy.

Notes to the financial statements

Credit risks

The Group's credit risks are primarily tied to receivables. The Group's credit policy is to always perform a credit check on new customers. Assessment is made through external credit ratings, where available, and payment history.

The Group's average credit period for external receivables during the year was 80 (63) days. A change in credit period of 1 day, with the current turnover rate, would mean a change in capital tie-up and cash flow amounting to approx. SEK 7 million.

Another measure of the Group's credit risk is illustrated by total exposure to individual customers. On closing day, the single largest receivable amounted to SEK 124.8 million (70.3). The total turnover of the Group's two largest customers amounted to 28% (24) of total net turnover.

The Group's maximum credit risk exposure is limited to the above-stated value of receivables. The tables below indicate the timing of risk exposure for past due receivables. The handling of credit risks is decentralised.

Specification of receivables

Thousands SEK	Total		Of which amortised	
	2012	2011	2012	2011
Not due, but need for devaluation exists		51		21
Total past due 1-30 days	72 534	26 530	33	1 003
Total past due 31-90 days	17 184	7 122	52	351
Total past due 91-180 days	11 365	3 461	4 168	134
Total past due, older than 180 days	6 337	10 112	1 976	3 153
Total	107 419	47 276	6 229	4 662

The past due receivables are for a number of customers who previously had no payment difficulties. The receivables are primarily in Swedish kronor – approx. SEK 272 million (200). The next largest currencies are EUR and USD, which converted to SEK amount to

approx. SEK 89 million (110) and SEK 37 million (30), respectively. Bad debts were reported on closing day at a total of SEK 6 million (5). The profit/loss for the year includes losses of SEK 5.6 million (4.0), which corresponds to < 0.003% of turnover.

Liquidity risks

Liquidity risk is the risk that the Group may be unable to fulfil its obligations associated with financial liabilities. See the specification Other financial liabilities above. The objective is for the Group to be able to meet its financial obligations in both a favourable and unfavourable market without significant unforeseen costs. Liquid-

ity risks and associated interest risk are managed centrally for the entire Group. The credit rating institute Bisnode (formerly Soliditet) maintains a Triple A rating for the company's short-term and long-term borrowing.

The table below indicates the term of the Group's repayment of liabilities to credit institutions.

Maturity analysis	2013	2014-17	Later
Reported current liabilities to credit institutions (<12 months)	4 007	13 534	
Reported leasing agreements in accordance with IAS 17 (<12 months)	3 698	8 882	
	7 705	22 417	0

Market risks

Market risks include the risk that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices. Market risks are divided into interest risk, currency risk and other price risks. The market risks that primarily affect the Group are interest risks, currency risks and other price risks, such as raw material prices.

a) Interest risks

The Group's interest risks relate to the Group's financing from credit institutions. All financing from credit institutions is presently at variable rates linked to the bank's base rate, which in turn is related to Sveriges Riksbank's repo rate. With the current net liability 2012-12-31, a change of 1 percentage point has a profit impact of < SEK 2.3 million.

b) Currency risks

The Group operates mainly in Sweden. The Group also has subsidiaries with significant currency risks in areas with influence from EUR countries, India, China, Lithuania, Mexico and Norway. Currency risk exposure is mainly contributable to translation differences linked to the foreign subsidiaries. Transactions, assets

and liabilities in foreign currencies are monitored centrally by AQ to create a balance in each currency and thereby maximise the levelling effect within the Group and thus minimise exchange rate differences. An exchange rate change of 1% affects equity at maximum SEK 1.2 million (3.2).

With the increased exposure through increased foreign involvement, the need for hedging is reviewed continually. The policy relating to translation differences when translating foreign subsidiaries to SEK is to not use hedging. The Group's net value of currency-exposed receivables and liabilities has increased and as of 2012-12-31 amounts to approx. 36% (21) of the balance sheet total. See net receivables and liabilities in the respective currency in absolute figures below.

A decision on the use of hedging shall be made centrally, after which management can take place at the company level. Without considering price adjustments in the sales contracts, an exchange rate change totalling 10% per year impacts turnover by approximately SEK 69 million (70).

Sales in another currency amount to approx. 32% (32) of turnover.

Notes to the financial statements

Exchange rates	EUR	CNY	NOK	PLN	Other	Total "Net"
	Average exchange rate 2011	9.03	1.01		2.20	
Closing day rate 2011	8.94	1.10		2.03		
Average exchange rate 2012	8.60	1.03	1.16	2.06		
Closing day rate 2012	8.46	1.03	1.17	2.03		
"Net exposure" per 2012-12-31 in million SEK	137.2	102.0	133.7	50.9	8.8	432.5

Unrecognised rates in the table above (apart from INR – insignificant amount) have not been associated with the consolidation of the annual accounts. USD/GBP are only applied when determining the value of receivables and liabilities on closing day. Other unrecognised currencies are either locked to the Euro (BGN) and reported as EUR or occur in a limited scope and have no or almost no impact on the amounts reported.

c) Commodity price risks

Commodity risk refers to the change in input goods prices and its impact on earnings. For the Group, it is primarily changes in raw materials which constitute a commodity price risk. Without considering price adjustments in the sales contracts, a price change totalling 10% per year impacts earnings by approximately 5%. The impact on earnings reported above in the sensitivity analysis for the respective market risk also affects the Group's capital by about 70% of the specified amount.

2.13 Reporting of government grants and disclosure of government assistance

Government grants are reported in the balance sheet as deferred when there is reasonable certainty that the grant will be received and the Group will fulfil the conditions associated with the grant. Grants are allocated to periods systematically in the income statements in the same manner and over the same periods as the expenses the grants are intended to compensate.

Government grants related to assets are reported as a reduction in the posted value of the assets.

2.14 Earnings per share

Calculation of earnings per share is based on the consolidated profit/loss for the year attributable to the parent company shareholders and the number of shares outstanding at year-end. Reporting was previously in Profit/loss for the year. In addition, an equivalent calculation of Comprehensive income for the year is found in Statements of comprehensive income for the year.

During the year, there were two non-cash issues – 35 000 shares as partial payment for the acquisition of Durapart Industries AS and 40 000 shares in payment for the acquisition of the Retor Group.

2.15 Amortisation

Assets with an indefinite utilisation period (such as goodwill) are not amortised, but instead undergo impairment testing annually or more frequently if necessary with a number of estimates, such as presumed growth rate and presumed discount rate. During impairment testing, goodwill is allocated to the operating segments expected to benefit from the acquisition and in which the goodwill items arose. AQ applies IAS 36 during impairment testing, except for the assets that are regulated by other standards, such as inventories and deferred taxes. During the financial year, there were no amortisation needs in the Group associated with IAS 36. Note 9 reports amortisations and reversals of amortisations in the parent company regarding subsidiaries.

2.16 Related party disclosures

As regards transactions between companies within the Group, these occur at arm's length in accordance with the Group's internal pricing policy. See also notes 2.3 and 5.

There have been no transactions with the owner beyond the benefits described in Note 8, Personnel.

NOTE 3 CHANGED ACCOUNTING POLICIES

3.1 Parent company

The changes to accounting rules that went into effect in 2012 do not affect the current year's accounting in the parent company. Changed rules regarding reporting of group contributions and with retroactive effect when comparing the preceding year were implemented by the company in the financial statements 2011-12-31.

3.2 Group

Improvements to IFRS (May 2012) involved changes in five different standards. In IAS 1 – Presentation of Financial Statements – there was an addition that specifies when a third balance sheet is considered necessary. When the application of a new accounting policy has a material effect on the balance sheet and is applied retroactively, a third balance sheet is required.

Minor changes were made to IAS 16, IAS 32 and IAS 34, however none of these affect AQ's accounting. IFRS 9 – Financial Instruments – has not yet been adopted by the EU. The intention is

for this to replace IAS 39. The EU has stated that it will not adopt IFRS 9 until it is complete. The date of application has therefore been postponed to 2015. Group management has not made any assessment as to whether IFRS 9 will have a material effect on the consolidated financial statements.

In 2012, the EU published 4 new standards and 8 changes to existing standards – all adopted by the EU in 2012. Last year's annual report described IFRS 10, IFRS 11 and IFRS 12, all of which related to which companies are to be consolidated and the information that is to be provided. None of these affect AQ's annual report at present since the changed classification in IFRS 10 does not affect AQ's consolidation. The fourth standard that was adopted was IFRS 13 – Fair Value Measurement. This shall be applied as of 2013. The purpose of the standard is to define a uniform framework for measurement at fair value. The standard contains a three-level measurement hierarchy. The first two levels describe situations with assets to be sold and in which there are quoted prices in an active market for comparable assets. For AQ, it is likely to be level three that affects the accounting most frequently and

Notes to the financial statements

there will likely be a “cost approach” based on acquisition value. The “market approach” and “income approach” are the other two measurement methods on which IFRS 13 is based. At the time that the annual report was signed, Group management had not made any assessment regarding whether application of IFRS 13 will have any significant effect on the Group’s financial statements.

In addition to the above standards, the EU published a new interpretation, IFRIC no. 20. This interpretation and changes in IFRS 1, IAS 12, IAS 27 and IAS 28 do not affect the AQ Group. The latter two are changes resulting from the adoption of the two new standards, IFRS 10 and IFRS 11. All of the other four standards that were changed affect accounting already from 2013, but have no material effect on AQ’s financial statements.

In IAS 19, Employee Benefits, the so-called corridor approach was eliminated. This was linked to pension liability for defined benefit pension plans. Moreover, some changes were made that affect the expected return on plan assets. All occupational pensions in the AQ Group are currently reported as premium based and thus are unaffected by the named changes in IAS 19. Read more under point 2.5 above. Changes were also made in IAS 32 and IFRS 7 regarding right of offset between financial liabilities and financial receivables. IAS 32 shall go into force by no later than 2014 and defines when right of offset exists. IFRS 7 goes into effect already in 2013 and specifies which information must be submitted when offset may be applied. Group management is of the opinion that the changes in IAS 32 and IFRS 7 will not have a material impact on the consolidated financial statements.

Finally, some minor adjustments were made to IAS 1, which regulates the presentation of financial statements. For some time, there has been a collaborative project between the International Accounting Standards Board (IASB) and the American equivalent (FASB) with the aim of harmonising the IAS/IFRS and the US GAAP standards. These changes should be seen as part of this development project and involves a change from the current title of “Statement of comprehensive income” to the title “Statement of earnings and other comprehensive income”. Furthermore, items in “Other comprehensive income” shall be split into two categories. 1) Items which according to other IFRS shall not be subsequently reclassified as income, and 2) Items which shall be reclassified when certain conditions have been met. One example of items accounting is done via the income is changes in accumulated translation differences upon translation of foreign operations. Any taxes on the items shall be reported in the respective category.

Another change opens the possibility of accounting reconciliations of components in other comprehensive income in the notes. These are currently reported in the consolidated statement of changes in equity. The changes go into force for financial years starting after 1 July 2012; earlier application is encouraged. Group management is of the opinion that the changes in IAS 1 adopted in 2012 will not have a material impact on the consolidated financial statements.

As previously, Group management’s objective is for all relevant changes to be implemented in the consolidated financial statements during the first accounting period after they go into effect.

NOTE 4 IMPORTANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Board makes estimates and assumptions concerning the future. At the signing of the annual report, the Group is not in

any material disputes. In the preparation of the annual report for 2012, the Board did not find any item that would be particularly exposed to risk and thus induce significant adjustments next year; see also notes 2.7, 2.11, 2.12, 2.15 and 15.

Notes to the financial statements

NOTE 5 SEGMENT REPORTING

2012	Business areas/Segment			
	Component	System	Adjustment/other	Group
External invoicing within Sweden	305 826	37 316		343 142
External invoicing outside of Sweden	1 193 535	622 543	2 813	1 818 891
Internal invoicing, other segment	208 484	94 791	-303 275	
Total net turnover	1 707 845	754 651	-300 462	2 162 033
- of which ABB is the Group's largest customer (15.9%)				343 142
Material costs, excl. purchase own segment	-1 019 556	-496 891	354 342	-1 162 105
Depreciation	-33 624	-5 678	-6 423	-45 725
Other operating expenses/income	-584 913	-247 155	-5 139	-837 206
Operating profit/loss	69 751	4 927	42 318	116 997
Net financial income/expense				1 576
Earnings before tax	69 751	4 927	42 318	118 573
Other comprehensive income, plus tax				-28 186
Comprehensive income for the year	69 751	4 927	42 318	90 386

2011

External invoicing within Sweden	863 203	500 603	361	1 364 168
External invoicing outside of Sweden	637 858	147 516		785 374
Internal invoicing, other segment	16 876	30 044	-46 920	
Total net turnover	1 517 936	678 163	-46 558	2 149 541
- of which ABB is the Group's largest customer (16.8%)				362 175
Material costs, excl. purchase own segment	-768 128	-391 569	35 686	-1 124 011
Depreciation	-36 845	-6 591	-1 307	-44 742
Other operating expenses/income	-626 714	-251 911	20 101	-858 523
Operating profit/loss	86 249	28 093	7 922	122 264
Net financial income/expense				-2 276
Earnings before tax	86 249	28 093	7 922	119 989
Other comprehensive income, plus tax				-22 747
Comprehensive income for the year	86 249	28 093	7 922	97 242

2012	Business areas/Segment			
	Component	System	Adjustment/other	Group
Liquid assets (incl. short-term investments)	128 473	28 178	-100 759	55 893
Accounts receivable	437 157	168 314	-82 481	522 990
Inventories	347 176	119 518	1	466 695
Tangible assets	159 481	47 529	37 485	244 495
Other assets	81 180	15 753	57 269	154 201
Total assets	1 153 467	379 292	-88 486	1 444 274

Notes to the financial statements

Cont. Note 5 Segment reporting

Liabilities and equity	Component	Business areas/Segment		Group
		System	Adjustment/other	
Short-term liabilities	642 671	188 761	-235 547	595 885
Long-term liabilities	53 331	17 682	-6 176	64 837
Equity	457 465	172 850	153 236	783 551
Total liabilities and equity	1 153 467	379 292	-88 486	1 444 274

2011	Component	Business areas/Segment		Group
		System	Adjustment/other	
Liquid assets (incl. short-term investments)	17 744	12 988	27 346	58 078
Accounts receivable	243 768	129 171	77	373 015
Inventories	278 634	122 891		401 525
Tangible assets	161 106	31 270	19 209	211 585
Other assets	82 663	57 281	-78 820	61 124
Total assets	783 914	353 602	-32 189	1 105 327

Liabilities and equity	Component	Business areas/Segment		Group
		System	Adjustment/other	
Short-term liabilities	299 923	148 332	-83 815	364 440
Long-term liabilities	55 137	17 486	-22 721	49 902
Equity	428 854	187 784	74 347	690 985
Total liabilities and equity	783 914	353 602	-32 189	1 105 327

Product composition within the Component segment includes transformers, wiring, mechanical components, punched sheet metal and injection-moulded thermoplastic. Product composition within the System segment includes production of systems, power solutions and automation solutions along with assembly of complete machines.

All companies in the Group are run following common targets for growth and profitability. This means that all trade between the companies is done under market conditions (arm's length, see note 2.16). In the segment reporting, there is no adjustment for internal profit and consolidated trade with other segments. These amounts are included as reconciliation items together with property companies and the parent company figures in the matrix above, under the heading Adjustments/other.

In segment reporting, deferred tax liabilities are included in the

total line for Equity. Negative goodwill is included in its entirety under Other operating income for the Group for the year of acquisition while being matched against the allocation of activated balance sheet items into periods in the segment reporting. The Group's product range is extensive. For this reason, management has decided that it is not feasible to report revenue from external customers for individual products. The Group does not provide any services to any significant extent.

The amounts reported above reflect the financial statements, which are continually reviewed by the executive decision makers of the company and serve as governing parameters when allocating resources and assessing performance. To the extent that there is reporting of assets and liabilities for segments below Group level (to the executive decision makers), these are assessed the same way as in the annual report.

NOTE 6 OTHER OPERATING INCOME

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Exchange gains from operations, realised	16 398	5 063		
Exchange gains from operations, unrealised	6 518	-332		
Capital gains on fixed assets	199	1 449		
Recovery of previously impaired receivables	868	151		
Rental income	364	2 786		
Reversal of provision for contingent purchase price	9 370		9 370	
Gains on debt restructuring	306			
Negative goodwill	1 956			
Other operating income	5 907	2 033		
	41 886	11 149	9 370	

Notes to the financial statements

NOTE 7 OTHER EXTERNAL EXPENSES

Remuneration to auditors Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
<i>PwC</i>				
Audit assignment	741	700	45	272
Audit-related assignments	300	11	20	
Tax consultation/other services	177	6	15	6
	1 219	716	80	278
<i>Ernst & Young</i>				
Audit assignment	255			
Audit-related assignments				
Tax consultation/other services	37			
	291			
<i>Grant Thornton</i>				
Audit assignment	102			
Audit-related assignments				
Tax consultation/other services	6			
	108			
<i>FangBen CPA</i>				
Audit assignment	172	136		
Audit-related assignments				
Tax consultation/other services	33			
	205	136		
<i>Other</i>				
Audit assignment	400	210		
Tax consultation	94	103		
Other services/audit-related assignments				
	495	313		
Total	2 227	1 165	80	278

The audit assignment involves review of the annual report and accounting as well as the management of the Board and managing director, which results in the drafted audit report. In addition, information on remuneration is provided separately for auditing

activities and review assignments beyond the audit assignment as well as tax consultation and other services which may have been performed by the accounting firm during the financial year.

Leasing, Thousands SEK

Financial agreements

Leased assets are reported in note 17, Plant and machinery. The following table presents the fees for the year and future fees. All fees are contractually linked to the current borrowing rate. As the estimated future fees are based on future interest rates, the margin for error is greater than a conversion to current value in the current state. For this reason, the information was omitted.

Fees	2012	2013	2014-2017	Later
Leasing agreements for machines	2 663	1 446	4 789	

Operational agreements

All leasing expenses for assets rented under operational leases as well as leased premises, tools, office equipment, etc. are reported as Other external expenses in the income statement. The following table presents the fees for the year and future fees on non-cancellable agreements. In the table, fees for rents are included up until the next renewal date.

Fees	2012	2013	2014-2017	Later
Rental agreements for external premises	24 944	23 263	70 360	27 385
Other agreements	4 889	4 840	5 916	700

Notes to the financial statements

NOTE 8 PERSONNEL

Average number of employees	2012			2011		
	Women	Men	Total	Women	Men	Total
Parent company, Sweden	2	5	7	2	5	7
Subsidiaries, Sweden	220	620	840	216	606	822
Bulgaria	495	289	784	468	303	771
Denmark		1	1			
Estonia	26	167	193	31	154	185
India		20	20		2	2
Italy	1	4	5		4	4
China	206	280	486	210	262	472
Lithuania	419	88	507			
Mexico	72	23	95			
Norway		5	5			
Poland	165	195	360	179	203	382
	1 606	1 697	3 303	1 106	1 539	2 645

Gender distribution, executive officers

Board	Women	Men	Total	Women	Men	Total
Parent company	0%	100%	100%	0%	100%	100%
Group	3%	97%	100%	2%	98%	100%
Company management and MD	Women	Men	Total	Women	Men	Total
Parent company	29%	71%	100%	33%	67%	100%
Group	21%	79%	100%	17%	83%	100%

Wages, salaries and compensation in Sweden, Thousands SEK

	Group		Parent company	
	2012	2011	2012	2011
Board, managing director and other executive officers ¹⁾	15 136	13 424	4 463	3 487
Other employees	270 873	270 716	1 508	904
Total in Sweden	286 009	284 141	5 970	4 391
<i>¹⁾ Of which is earnings-related compensation and the like to executive officers</i>	1 470	2 020	312	330

Other countries

Board and managing director ¹⁾	12 181	8 115
Other employees	118 974	110 363
Total in other countries	131 155	118 477
<i>¹⁾ Of which is earnings-related compensation and the like to executive officers</i>	933	484

Total **417 165** **402 618** **5 970** **4 391**

Spec. of compensation to Board, managing director and Group management	Group		Parent company	
	2012	2011	2012	2011
Board chair, Per Olof Andersson	762	748	762	748
Board member, Leif Andersson	100	80	100	80
Board member, Rune Glavare	100		100	
Board member, Ulf Gundemark	100	80	100	80
Board member and managing director, Claes Mellgren	762	724	762	724
Former Board member, Hans Hansson		80		80
Other executive officers	2 639	2 283	2 639	1 775
	4 463	3 995	4 463	3 487

¹⁾ Of which is earnings-related compensation and the like to executive officers 312 395 312 330

Notes to the financial statements

Cont. Note 8 Personnel

Social security contributions, SEK thousands in Sweden	Group		Parent company	
	2012	2011	2012	2011
Pension expenses for Board, managing director and other members of executive management	3 922	2 244	998	683
Pension expenses for other employees	11 476	12 965	77	248
Other social security contributions	93 634	91 211	2 310	1 601
Total in Sweden	109 033	106 421	3 386	2 533
Other countries				
Pension expenses for Board and managing director	452	257		
Pension expenses for other employees	13 644	8 623		
Other social security contributions	22 589	17 814		
Total in other countries	36 685	26 694		
Total	145 718	133 115	3 386	2 533

Spec. of pension benefits to Board, managing director and Group management	Group		Parent company	
	2012	2011	2012	2011
Board chair, Per Olof Andersson	168	184	168	184
Board member and managing director, Claes Mellgren	166	181	166	181
Other executive officers	664	370	664	318
	998	735	998	683

No special pension benefits or severance agreements exist, beyond normal occupational pensions. The Board's proposed guidelines for remuneration 2013, in accordance with chap 8 § 51 of the Swedish Companies Act, are laid out in the directors' report. The remuneration paid out to executive officers in 2012 is specified in the note.

The following decision on guidelines for remuneration in 2012 was made at the last annual general meeting: Executive officers shall be paid a fixed fee, supplemented by variable remuneration calculated as a % of the Group's profit for the year, limited to maximum one year's salary per person. There are no benefits beyond normal pension benefits for work performed through employment. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

NOTE 9 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

Thousands SEK	Parent company	
	2012	2011
Dividends from group companies		54 324
Interest income from group companies		5 426
Interest expenses paid to group companies		-1 271
Write-down of shares in group company		-30 500
Reversal of write-down of shares in group company		8 500
		36 479

NOTE 10 FINANCIAL INCOME

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Interest income, receivables	657	493		
Interest income from group companies			4 867	5 426
Other interest income	1 092	331	254	206
Exchange gains/losses on current receivables, realised	10 003	2 213	1 034	
Exchange gains/losses on current receivables, unrealised	16 582	1 276	-59	299
	28 334	4 313	6 097	5 931

Notes to the financial statements

NOTE 11 FINANCIAL EXPENSES

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Interest expenses, accounts payable	-71	-123		
Interest expenses to group companies			-725	-554
Other interest expenses	-2 923	-4 586	-371	-1 271
Exchange gains/losses on liabilities, realised	-13 151	-1 201	-1 275	-118
Exchange gains/losses on liabilities, unrealised	-10 614	-679		
	-26 758	-6 589	-2 372	-1 944

NOTE 12 APPROPRIATIONS

Thousands SEK	Parent company	
	2012	2011
Change in tax allocation reserve	-18 400	750
Group contribution, paid	-400	-54 200
Group contribution, received	27 000	17 250
	8 200	-36 200

NOTE 13 TAXES

Current income tax for the period, SEK thousands	Group		Parent company	
	2012	2011	2012	2011
Current tax	-38 705	-25 039	-14 590	-2
Deferred tax	18 765	-837		
Reported tax for the period	-19 939	-25 876	-14 590	-2
Specification of reported tax	Group		Parent company	
	2012	2011	2012	2011
Reported profit before appropriations and tax	118 573	119 989	47 130	68 221
Estimated profit based on applicable tax rate in Sweden 26.3	-31 185	-31 557	-12 395	-17 942
<i>Tax effect of tax deviations as below:</i>				
Standard taxation, tax allocation reserves	-294	-449	-40	-72
Tax effect of untaxed reserves			4 839	-197
Non-deductible expenses	-1 017	-340	-6	-8 074
Tax-exempt revenue	1 060	1 683	8	16 565
Adjusted tax from previous year/changed tax rates	6 820	-1 251		
Effect of other tax rates in foreign companies	8 081	7 026		
Tax effect of group contribution			-6 996	9 718
Change in unrecognised loss carry-forwards	-3 211	-988		
Other	-193			
	-19 939	-25 876	-14 590	-2
Deferred tax asset	Group			
	2012	2011		
Intangible assets		375		
Tangible assets	1 409	712		
Inventories	1 260	1 411		
Other	1 460	921		
	4 129	3 418		
Deferred tax liability	Group			
	2012	2011		
Intangible assets	3 523	3 140		
Tangible assets	2 079	3 464		
Untaxed reserves	31 112	32 377		
Other	153	730		
	36 867	39 711		

Deferred taxes in the parent company relate only to untaxed reserves. These are not reported separately due to the relationship between accounting and taxation; see note 26.

Notes to the financial statements

NOTE 14 CAPITALISED EXPENDITURE

Thousands SEK	Group	
	2012	2011
Opening acquisition value	21 985	20 917
Direct investments for the year	2 194	1 378
Acquisition of subsidiaries	1 700	
Sales/disposals	-30	-307
Reclassifications	-298	
Translation difference	-96	-3
Closing accumulated acquisition value	23 428	21 985
Opening depreciation	-6 776	-2 364
Acquisition of subsidiaries	-1 069	
Sales/disposals	30	109
Translation difference	20	34
Depreciation for the year	-5 040	-4 555
Closing accumulated depreciation	-11 631	-6 776
Closing residual value according to plan	12 619	15 209

NOTE 15 GOODWILL

Thousands SEK	Group	
	2012	2011
Opening acquisition value		
Acquisition of subsidiaries	74 810	
Closing accumulated acquisition value	74 810	
Closing residual value according to plan	74 810	

In 2012, the Group acquired Durapart Industries AS (now AQ Wiring Systems AS), with goodwill of SEK 73.9 million, as well as Vadstena Industriplast Aktiefbolag (now merged into AQ Holmbergs AB), with goodwill of SEK 0.9 million.

Each year, company management investigates whether there is any impairment of goodwill. The recoverable amount of the underlying cash generating unit AQ Wiring Systems (formerly Durapart) has been determined based on a calculation of the Group's value in use. The calculation was made based on estimated future cash flows equivalent to a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 1%. The discount rate used for the future cash flows is 6%. Company management performed a sensitivity analysis, which includes a discount rate of 15%. No impairment was found to exist at this higher discount rate.

NOTE 16 LAND AND BUILDINGS

Thousands SEK	Group	
	2012	2011
Opening acquisition value	106 618	104 839
Direct investments for the year	813	2 871
Acquisition of subsidiaries	17 011	
Sales/disposals		-431
Reclassifications	1 116	
Translation difference	-1 724	-662
Closing accumulated acquisition value	123 834	106 618
Opening depreciation	-30 519	-26 407
Acquisition of subsidiaries	-1 694	
Sales/disposals		95
Reclassifications	832	
Translation difference	269	146
Depreciation for the year	-4 635	-4 352
Closing accumulated depreciation	-35 747	-30 519
Closing residual value according to plan	88 087	76 100

The residual value above includes improvement expenses on leasehold amounting to SEK 3 998 (3 472) thousand.

Notes to the financial statements

NOTE 17 PLANT AND MACHINERY

Thousands SEK	Group	
	2012	2011
Opening acquisition value	268 348	248 430
- of which recalculated leasing agreements	25 564	38 954
Direct investments for the year	41 189	30 046
- of which recalculated leasing agreements	254	
Acquisition of subsidiaries	16 268	
- of which recalculated leasing agreements	11 268	
Sales/disposals	-6 603	-11 503
- of which recalculated leasing agreements		-2 448
Reclassifications	-23 416	1 233
Translation difference	-3 255	142
Closing accumulated acquisition value	292 530	268 348
- of which recalculated leasing agreements	37 420	36 506
Opening depreciation	-159 626	-137 520
- of which recalculated leasing agreements	-12 878	-20 606
Acquisition of subsidiaries	-23 640	
- of which recalculated leasing agreements	-9 880	
Sales/disposals	5 256	6 780
- of which recalculated leasing agreements		163
Reclassifications	11 667	-186
Translation difference	1 805	-86
Depreciation for the year	-27 238	-28 614
- of which recalculated leasing agreements	-3 071	-2 731
Closing accumulated depreciation	-191 778	-159 626
- of which recalculated leasing agreements	-25 804	-23 174
Opening appreciations		
Acquisition of subsidiaries	5 361	
Depreciation for the year on revaluations	-107	
Closing accumulated appreciations	5 254	
Opening write-downs		-2 359
Reclassifications		2 359
Closing accumulated write-downs		0
Closing residual value according to plan	106 006	108 722
- of which recalculated leasing agreements	11 616	13 332

Notes to the financial statements

NOTE 18 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Opening acquisition value	50 270	51 329	205	146
Direct investments for the year	8 432	5 690		59
Acquisition of subsidiaries	21 368			
Sales/disposals	-1 960	-7 358		
Reclassifications	19 422	94		
Translation difference	-209	515		
Closing accumulated acquisition value	97 261	50 270	205	205
Opening depreciation	-31 169	-29 723	-128	-87
Acquisition of subsidiaries	-5 852			
Sales/disposals	1 109	6 262		
Reclassifications	-10 434	-211		
Translation difference	540	-475		
Depreciation for the year	-10 429	-7 023	-41	-41
Closing accumulated depreciation	-56 209	-31 169	-169	-128
Opening appreciations				
Acquisition of subsidiaries	1 200			
Write-downs for the year on revaluations	-400			
Closing accumulated appreciations	800			
Closing residual value according to plan	41 891	19 102	36	77

NOTE 19 CONSTRUCTION IN PROGRESS

Thousands SEK	Group	
	2012	2011
Opening acquisition value	7 661	3 328
Direct investments for the year	6 527	4 345
Sales/disposals	1 258	
Reclassifications	-6 776	
Translation difference	-159	-11
Closing residual value according to plan	8 511	7 661

NOTE 20 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Thousands SEK	Parent company	
	2012	2011
Opening acquisition value	204 250	184 915
Expanded investment in foreign companies	23 950	5 084
Acquisition of minority interests		14 251
Acquisition of new subsidiaries	81 558	
Closing accumulated acquisition value	309 758	204 250
Opening write-downs	-33 747	-11 747
Reversal of write-downs		8 500
Write-downs for the year		-30 500
Closing accumulated write-downs	-33 747	-33 747
Closing book value	276 011	170 503

Notes to the financial statements

Cont. Note 20 Shares and participations in subsidiaries

Name and seat	Corporate identification number	No. of shares	Share of equity	Share of voting power	Book value
AQ Fastighet Tokarp AB, Anderstorp	556220-0195	1 000	100%	100%	3 578
AQ Fastighet i Pålshoda AB, Eskilstuna	556275-6212	14 200	100%	100%	5 580
AQ Fastighet i Lund AB, Lund	556527-5228	10 000	100%	100%	3 942
AQ Elautomatik AB, Surahammar	556272-8484	1 000	100%	100%	4 457
AQ Elteknik AB, Uppsala	556358-1411	1 000	100%	100%	2 435
AQ Enclosure Systems AB, Vaggeryd	556660-1844	20 000	100%	100%	2 000
AQ Holmbergs AB, Anderstorp	556551-8536	10 000	100%	100%	1 000
AQ Komponent AB, Västerås	556443-9734	15 000	100%	100%	0
AQ Mekatronik AB, Västerås	556666-7829	1 000	100%	100%	100
AQ ParkoPrint AB, Gävle	556574-6319	20 000	100%	100%	17 314
- AQ Fastigheter i Gävle AB, Gävle	556448-3385	1 500	100%	100%	0
AQ Plast AB, Västerås	556497-2239	3 000	100%	100%	300
AQ Segerström & Svensson AB, Eskilstuna	556545-8790	40 000	100%	100%	7 226
AQ Staretor AB, Gothenburg	556690-3026	1 400	100%	100%	1 800
- AQ Fastighet i Torslanda AB, Gothenburg	556690-3018	1 000	100%	100%	0
- AQ Retor Engineering AB, Gothenburg	556622-8697	1 050	100%	100%	0
- AQ Retor Production AB, Gothenburg	556690-3083	1 000	100%	100%	0
- AQ 3-Elite AB, Gothenburg	556704-6981	1 002	100%	100%	0
AQ Trafo AB, Enköping	556443-9726	26 000	100%	100%	0
AQ Welded Structures AB, Ludvika	556660-2016	1 000	100%	100%	100
AQ Wiring Systems AB, Årjäng	556630-1437	40 000	100%	100%	37 000
AQ Bulgaria EAD, Sofia, Bulgaria	7705/1996	1 000	100%	100%	500
AQ Denmark A/S, Odder, Denmark	34 578 567	5 000	100%	100%	598
AQ Electric AD, Radomir, Bulgaria	1135 61397	544 618	96%	96%	16 607
AQ Electric Suzhou Co Ltd, Suzhou, China	[2006] 65541	169 730	100%	100%	23 298
AQ Holmbergs Suzhou Co Ltd, Suzhou, China	[2002] 32190	173 517	100%	100%	1 806
AQ Italy S.R.L., Milan, Italy	04056160965	300	100%	100%	275
AQ Lasertool OÜ, Pärnu, Estonia	10 930 852	40 000	100%	100%	8 525
AQ Magnit AD, Godech, Bulgaria	1220 33267	679 382	99%	99%	39 592
AQ Mechanical&Electrical M.I.Pvt.Ltd, Pune, India	U31909PN2011FTC139442		100%	100%	14 374
AQ Wiring Systems AS, Arendal, Norway	987 815 566	100	100%	100%	79 160
- AQ Wiring Systems UAB, Panevezys, Lithuania	148 427 212	1 200	100%	100%	0
- AQ Wiring Systems SA DE CV, Tultitlan Edo, Mexico	DME051116H2A	50 000	100%	100%	0
AQ Wiring Systems Sp.z.o.o., Łódź, Poland	7 281 357 239	2 227	100%	100%	4 445
					276 011

NOTE 21 RECEIVABLES FROM GROUP COMPANIES

Thousands SEK	Parent company	
	2012	2011
Opening receivables	36 236	36 619
Loans during the year	9 826	3 191
Amortisation during the year	-19 787	-3 595
Translation difference	-402	21
Closing receivables	25 873	36 236

Notes to the financial statements

NOTE 22 FINANCIAL INVESTMENTS

Thousands SEK	Group	
	2012	2011
Opening acquisition value	2 046	568
Acquisition	30	1 473
Acquisition via subsidiaries	123	
Disposed	-270	-8
Translation difference	-124	14
Closing book value	1 806	2 046

NOTE 23 OTHER RECEIVABLES

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Advances to suppliers		3 299		
Receivable VAT	14 856	6 482		
Other current receivables	9 511	6 991		82
	24 367	16 772		82

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Prepaid rent	5 263	4 787	0	
Unbilled work/accrued income	0	525	0	
Other interim receivables	10 458	8 416	127	317
	15 721	13 728	127	317

NOTE 25 EQUITY

Capital management

According to Board policy, the Group's financial objectives are to maintain a solid capital structure and financial stability and thereby retain investors, creditors and market confidence and provide the basis for continued development of the business. The Group's target is to maintain a debt-equity ratio of at least 40%. The Group's debt-equity ratio of closing day 2012-12-31 was 54% (63).

The Board's proposal is for dividend to equal approx. 25% of the average profit after tax over one business cycle. The Board has proposed a dividend of SEK 1.30 (1.30) per share to the Annual General Meeting for financial year 2012, which means that SEK 23 444 275 will be distributed to shareholders if the AGM approves the Board's proposal. During the year, there was no change in the Group's capital management.

Parent company	Number of shares (pc)	Share capital (SEK)
Quantity/amount at start of year – 2011-01-01	17 959 058	35 918 116
Quantity/amount at year-end – 2011-12-31	17 959 058	35 918 116
New issue (subscription)	75 000	150 000
Quantity/amount at year-end – 2012-12-31	18 034 058	36 068 116

Earnings per share SEK 5.47 (5.22). The Company has no share option programme for employees and all shares have equal voting rights and privileges.

Notes to the financial statements

NOTE 26 UNTAXED RESERVES

Thousands SEK	Parent company	
	2012	2011
Tax allocation reserve, Tax 2008	1 750	1 750
Tax allocation reserve, Tax 2009	6 490	6 490
Tax allocation reserve, Tax 2010	500	500
Tax allocation reserve, Tax 2011	4 000	4 000
Tax allocation reserve, Tax 2013	18 400	
	31 140	12 740

Deferred tax on untaxed reserves amounts to SEK 6 851 (3 351) thousand

NOTE 27 LIABILITIES TO CREDIT INSTITUTIONS/PLEDGED COLLATERAL

All values reported below correspond to fair value. The Group has no long-term liabilities to credit institutions that mature later than five years after the closing day. Collateral provided for given liability items in the balance sheet are specified below.

Thousands SEK	Group	
	2012	2011
Liability to credit institution/bank overdraft facility/ factoring		
Property mortgages ¹⁾	87 650	87 650
Floating charges	182 675	204 250
Other liabilities		
Retention of ownership rights in respect of leased machines reported as fixed assets	11 616	13 332
Other ownership reservation	221	1 999
Other contingent liabilities	166	169

NOTE 28 PROVISIONS – LONG-TERM AND CURRENT

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Opening provisions for warranty obligations, current	997	673		
Change in warranty obligations	-749	324		
Closing provisions for warranty obligations, current	248	997		
Opening provisions for pensions, long-term	793	136		
Change in pensions	2 873	657		
Closing provisions for pensions, long-term	3 666	793		
Opening provisions for other, long-term			9 370	
Change in other	1 921		-9 370	9 370
Closing provisions for other, long-term	1 921			9 370
Total provisions on closing day	5 835	1 791		9 370

Notes to the financial statements

NOTE 29 OTHER LIABILITIES

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Liability to tax authorities for VAT and personnel	23 614	15 521	3 342	3 352
Current liability for contingent purchase price		9 370		
Other current liabilities	20 160	10 378	1	185
	43 774	35 269	3 343	3 537

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Liability to personnel	54 164	52 407	1 058	1 001
Liability, social security contributions	24 600	22 558		565
Other interim liabilities	12 481	13 969	1 012	803
	91 245	88 934	2 069	2 370

NOTE 31 ACQUISITION OF SUBSIDIARIES AND BUSINESSES

Name and seat	Staretor Group AB			Vadstena Industriplast AB			Durapart Industries AS			Total		
	Book value	Ad-justed value	Fair value	Book value	Ad-justed value	Fair value	Book value	Ad-justed value	Fair value	Book value	Ad-justed value	Fair value
Tangible assets	20 252	-3 305	16 947	1 194	8 806	10 000	5 126		5 126	26 572	5 502	32 073
Financial assets	1 950		1 950				1 340		1 340	3 290		3 290
Inventories	3 296		3 296	13 953		13 953	52 783		52 783	70 033		70 033
Liquid assets	2 151		2 151	1		1	2 851		2 851	5 003		5 003
Other current assets	17 341		17 341	5 371		5 371	86 221		86 221	108 932		108 932
Provisions	-36	-1 086	-1 123	-348	-1 410	-1 758	-2 214		-2 214	-2 598	-2 496	-5 095
Long-term liabilities	-13 250		-13 250		-3 445	-3 445	-9 773		-9 773	-23 023	-3 445	-26 468
Current liabilities	-25 512		-25 512	-15 065		-15 065	-131 031		-131 031	-171 608		-171 608
Book value of previously owned participations in the new group companies	305	-305					1 996	-1 996		2 301	-2 301	
Total identified net assets	6 496	-4 696	1 800	5 106	3 951	9 057	7 299	-1 996	5 303	18 902	-2 741	16 161
Goodwill					943	943	665	73 192	73 857	665	74 134	74 799
Total purchase price	6 496	-4 696	1 800	5 106	4 894	10 000	7 965	71 195	79 160	19 567	71 393	90 960
Unpaid portion of purchase price												-5 000
Payment with issued shares			1 800						1 673			3 473
Liquid assets in the acquired companies	-2 151		-2 151	-1		-1	-2 851		-2 851	-5 003		-5 003
Impact on Group's liquid assets from acquisition for the year	4 345	-4 696	1 449	5 105	4 894	4 999	5 114	71 195	77 982	14 564	71 393	84 430
Total cash flow attributable to investments in subsidiaries	4 345	-4 696	1 449	5 105	4 894	4 999	5 114	71 195	77 982	14 564	71 393	84 430

The purchase price for Staretor Group was SEK 1 800 thousand in issued shares in AQ Group AB.

The purchase price for Vadstena Industriplast Aktiebolag (now merged into AQ Holmbergs AB) amounted to SEK 10 000 thousand in cash payments, divided into three occasions. Unpaid purchase price payments, amounting to SEK 2 500 thousand each, are payable 2 January 2013 and 2 January 2014. Under the agreement, there are two unlimited contingent additional purchase price payments for Vadstena Industriplast Aktiebolag.

The purchase price for Durapart Industries AS (now AQ Wiring Systems AS) amounted to SEK 79 160 thousand, of which SEK 1 673 thousand was in issued shares in AQ Group AB and the remaining payment was to be in cash. Additional purchase price payments may apply at maximum MNOK 11.

Company management has determined that no additional purchase price payments shall be paid. Thus, no provision has been made.

Notes to the financial statements

NOTE 32 LIQUID ASSETS

Thousands SEK	Group		Parent company	
	2012	2011	2012	2011
Cash and cash equivalents	55 893	58 078	10 004	27 346
Liquid assets	55 893	58 078	10 004	27 346
Liquid assets reported in the cash flow statement	55 893	58 078	10 004	27 346

The Group's total unutilised limits for bank overdraft facilities amounted to SEK 86 983 (81 649) thousand at year-end.

NOTE 33 BOARD CERTIFICATION

The consolidated financial statements and annual report have been prepared in accordance with international accounting standards referred to in the European Parliament and Council Regulation (EC) No. 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting practices in Sweden and give a true and fair view of the position and results of both the Group and the parent company. The directors' report for the Group and for the parent company gives a true and fair overview of the development 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 making up the Group.

As stated above, the annual report and consolidated financial statements were approved for issue by the Board and managing director on 9 April 2013. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet are subject to approval by the Annual General Meeting on 24 April 2013.

Västerås, 9 April 2013

Per-Olof Andersson
Board chair

Claes Mellgren
Managing director

Leif Andersson
Board member

Rune Glavare
Board member

Ulf Gundemark
Board member



Audit report

To the annual general meeting of shareholders in AQ Group AB, corporate identity no. 556281-8830

Statement regarding the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts for AQ Group AB for the year 2012.

Responsibilities of the Board of Directors and managing director for the annual accounts and consolidated accounts

The Board of Directors and the managing director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the managing director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material

respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the managing director of AQ Group AB for the year 2012.

Responsibilities of the Board of Directors and managing director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the managing director are responsible for administration under the Swedish Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the managing director is liable to the company. We also examined whether any member of the Board of Directors or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the directors' report and that the members of the Board of Directors and the managing director be discharged from liability for the financial year.

Stockholm, 10 April 2013
Öhrlings PricewaterhouseCoopers AB

Magnus Brändström
Authorised public accountant

Corporate governance report 2012

Introduction

AQ Group AB (publ) follows applicable aspects of the Swedish Code for Corporate Governance. The company is not among the companies that are required to apply the code, but strives to have governance that maintains a high standard. The code applies to Swedish Companies whose shares are traded on a regulated market.

The corporate governance report is not reviewed by the company auditors.

Shareholders

At year-end, AQ Group AB had 1 330 (1 492) shareholders. Information on share development, ownership structure, dividend, etc. is found in the directors' report.

Legislation and articles of association

AQ Group is primarily required to comply with the Swedish Companies Act and the rules resulting from the listing of the share on AktieTorget, which is not a regulated market, pursuant to the Securities Market Act. AQ Group shall also operate in compliance with the provisions specified in AQ Group's articles of association.

Annual General Meeting

Notice of the Annual General Meeting shall be sent no earlier than six and no later than four weeks before the meeting. The notice contains information about registration and the right to attend and vote at the meeting along with a numbered agenda of the matters to be considered. It is possible to register for the meeting in writing to the company's address of via fax or e-mail. Proposals for the meeting shall be addressed to the Board (with the address of the head office) and submitted in good time before the notice is issued. The notice and agenda are also published on the website. Shareholders or their proxies may vote for the full number of owned or represented shares.

The Annual General Meeting shall be held no later than 4 months after the end of the financial year. At the AGM, decisions are made regarding approval of the balance sheet and income statement, discharge from liability for the Board and MD and disposition of the company's retained earnings.

Shareholders representing 74% of the total number of votes in the company participated in AQ Group's Annual General Meeting on 24 April 2012. The managing director, Group management team, company auditors and the Board were in attendance at the meeting. During the meeting, shareholders were given the opportunity to ask questions and have them answered during the meeting. In addition to the decisions specified above, the AGM made decisions on remuneration to the Board, mandate to the Board to decide on directed new share issue (max. 2 000 000 shares) and the election of officers.

AQ Group has not had any general meetings between the Annual General Meetings for financial years 2011 and 2012.

The date and location of the next Annual General Meeting is published in conjunction with the Q3 report.

Appointment of officers

Nomination committee

The Annual General Meeting chooses a nomination committee that represents the company shareholders. The nomination committee shall consist of 3 members, of which 1 has no ties to the company Board. At the 2012 AGM, Claes Mellgren, Gunnar Ek and Per-Olof Andersson were elected.

Board

The nomination committee shall submit proposals for the election of chair and other board members as well as remuneration, divided between the chair and other members.

As the basis for its proposals, the nomination committee shall

- assess the degree to which the current board will meet future needs with respect to the company's development and become acquainted with the evaluation of the Board's work during the year
- establish qualification profiles for new members, and
- systematically search for new members.

When publishing the nomination committee's proposals, information shall be provided on age, other significant assignments, own and related parts' shareholdings, independent executives/shareholders, number of years on the board (if re-election) and any other information considered essential for the assessment of competence and independence.

At the AGM, the nomination committee shall provide a

statement regarding how the work was conducted and present and justify its proposal. If no change is proposed, special justification must be provided.

At the AGM for financial year 2011, Leif Andersson, Ulf Gundemark, Rune Glavare, Claes Mellgren and Per-Olof Andersson were elected as board members. Remuneration in the form of a director's fee was paid to the Board's external members at SEK 100 000 each.

Auditors

At the AGM for financial year 2010, a new auditor was chosen for a period of four years – Magnus Brändström, PwC. In conjunction with new election, the auditors in attendance shall introduce themselves, which also took place at this meeting.

Assignments of the Board

The Board shall do the following on behalf of the owners:

- set overall goals and strategy
- continually evaluate company management
- take responsibility for ensuring that procedures and systems are adapted to the company's operations and set future goals
- take responsibility for transparency in the external information
- ensure compliance with laws and regulations and that the company practices good ethics and
- convene general meetings

The overall assignment of the Board is to manage the company's affairs in such a way that the owners' interests in good, long-term return on capital are satisfied in the best possible way.

Board composition

According to the articles of association, the Board shall consist of no fewer than 3 but no more than 7 members and no more than 2 deputies. The members are elected annually by the AGM for the time up until the next AGM is held.

No more than one executive officer of AQ Group may serve as a member of the Board. The majority of the members must be independent in relation to the company and company management.

The Board shall have the size and composition required in terms of skills and experience for the company's operations and development and shall have the independence required for the Board to independently and effectively manage the company's affairs.

Board's work in 2012

During the year, there were five ordinary board meetings. Prior to the board meetings, the members were provided written material regarding the issues to be discussed at the meeting. During the year, the Board has given particular attention to strategic and financial issues.

Formal work plan for the Board

The work of the Board is governed by laws and regulations as well as by the formal work plan adopted annually. The formal work plan covers the work of the Board and gives instructions for the managing director and financial reporting.

The formal work plan stipulates, amongst other things:

- that the Board shall meet at least five times per year and, in urgent cases, the meetings can be held by teleconferencing or videoconferencing
- that certain items shall be handled at each board meeting and that specific decisions shall be made at the inaugural meeting
- the Board members shall receive documentation regarding issues to be discussed at the board meetings well in advance of these meetings and each month shall receive a report regarding company operations and development
- that the auditors shall be invited to at least one board meeting report on the audit work without representatives from company management in attendance

Furthermore, the formal work plan describes how board minutes are to be prepared and distributed to the members and how the Board shall be informed in conjunction with press releases or the like. The formal work plan also contains guidelines for what decisions the Board can delegate to the managing director and executive management.



Accounting, auditing and internal control

General

External auditors are appointed by the Annual General Meeting. The auditors' task is to review the company's annual report and accounts and the management performed by the Board and the managing director on behalf of the shareholders. The internal financial statements that are prepared on a monthly basis were also submitted to the auditors.

AQ Group has not established any special internal audit committee (read below). The entire Board participates in the internal control of the financial statements and is jointly responsible for other aspects of internal control. The Board's reporting instructions require that Board members receive from the auditors an annual report on how the company's organisation is structured so that accounting, management of assets and the company's general financial conditions can be controlled in a satisfactory manner. The auditors have personally reported to the managing director, Board chair and parts of the management team on at least one occasion.

The Board's report on internal control, to the extent it relates to the financial statements

This report is prepared with the guidance of the Confederation of Swedish Enterprise (Svenskt Näringsliv) and FAR's recommendation from 17 October 2005 plus the Swedish Corporate Governance Board's (Svensk Bolagsstyrning) press release from 5 September 2006.

In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for the internal control. This report is not part of the formal annual accounts.

Control environment

The control environment is the foundation for the company's internal control. The Board of AQ Group has therefore committed itself to effective and regular financial reporting. The Board's reporting instructions to the managing director regarding financial reporting includes internal control. In each subsidiary, there is an internal division of roles and respon-

sibilities aimed at establishing effective internal control over financial reporting. AQ accounting departments in the subsidiaries regular informs company management of the economic development of their respective company. The Board is careful to ensure that all financial officers have strong integrity and conscious sense of ethics coupled with expertise in their area of responsibility. AQ works continuously with the development of efficient systems for administrative management. AQ has also drafted an operations handbook, which describes the organisation, responsibilities, authorities, policies, financial management and more.

In 2012, the financial officers of the Group were trained in and began using Cognos Controller. This is financial consolidation software that increases the reliability of economic reporting.

Risk assessment and control activities

On a monthly basis, AQ Group drafts suitable reports, with analyses and comments which include both the Group and individual subsidiaries.

This gives the Board an excellent tool for monitoring and controlling the current developments at AQ. Economic reports from company management is a standing item on all board meeting agendas.

AQ's long-term risk management strategy is governed by a policy established by the management team, with the CFO as chief compliance and reporting officer within the Group. The risks which exist and which the CFO must handle are described in more detail in note 2.12.

Information and communication

AQ's financial reporting complies with the laws and regulations applicable to companies listed on AktieTorget and the local regulations in each country in which the company operates. In addition to external rules and recommendation, there are internal instructions and guidelines. In addition to the manuals, guidelines and other instructions which the company communicates via internal media, the company financial officers receive external financial information.

Monitoring

In addition to the internal monitoring and reporting, AQ's external auditors continually report observations to the managing director and Board during the financial year. The aggregate information mentioned in this report gives the Board a good idea and a reliable basis for the declaration provided in accordance with point 3.6.2 in the Corporate Governance Code, related to financial reporting in the annual report.

Company management

The Board has delegated the operational responsibility for management of the company and the Group to the company's managing director. An instruction on the division of responsibilities between the Board and the managing director is approved annually by the Board. AQ's company management consists of the management team. In 2012, this team consisted of Claes Mellgren, MD, Cecilia Borg, Finance, Anna Nordanstig, Human Resources (on parental leave from August), Sture Berglund, Purchasing, Christer Hiljemark, Quality, Andreas Mehner, Market, and Hans Frisholt, Production and Acting Staff.

A proposal regarding remuneration to external members of the Board and executive officers is presented in the directors' report. Information is provided and decisions are made at the Annual General Meeting.

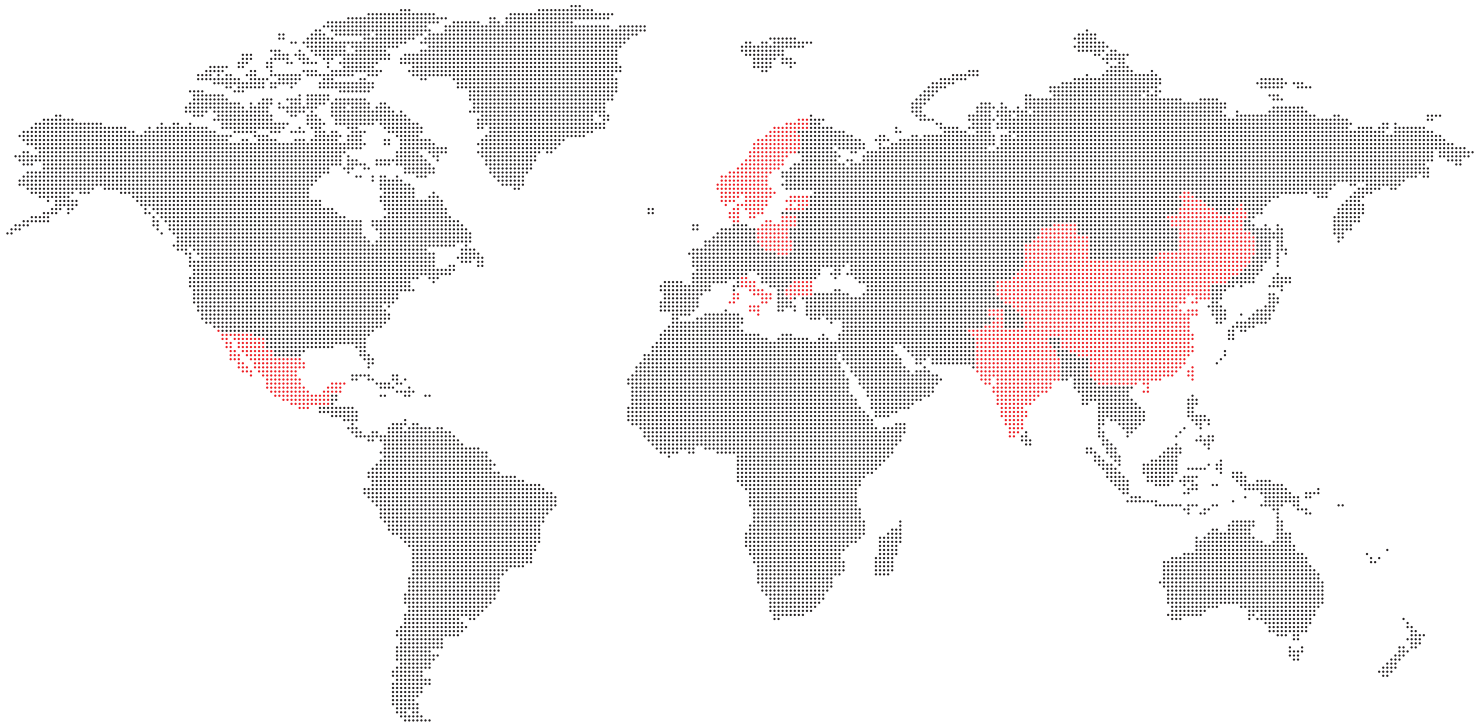
Remuneration to the managing directors of the subsidiaries is decided by the subsidiary's board following the principles adopted by the board of the parent company. AQ has no incentive programme in the form of options or other share-based programmes for executive officers or other persons within or outside of the company.

Information

AQ Group's information to shareholders and other stakeholders is presented via the annual report and interim reports on the company's (www.aqq.se) website and AktieTorget's website (www.aktietorget.se). Press releases and presentation material for the past few years are also found there. Distribution of information in the company follows the information policy adopted by the Board.

WE ARE RELIABLE





- Countries in which AQ Group operates:
 - Bulgaria
 - Denmark
 - Estonia
 - India
 - Italy
 - China
 - Lithuania
 - Mexico
 - Norway
 - Poland
 - Sweden

WE ARE RELIABLE

Kunden
i fokus

Enkelhet

Entre-
prenörs-
anda

Kostnads-
effektivitet

Mod och
respekt