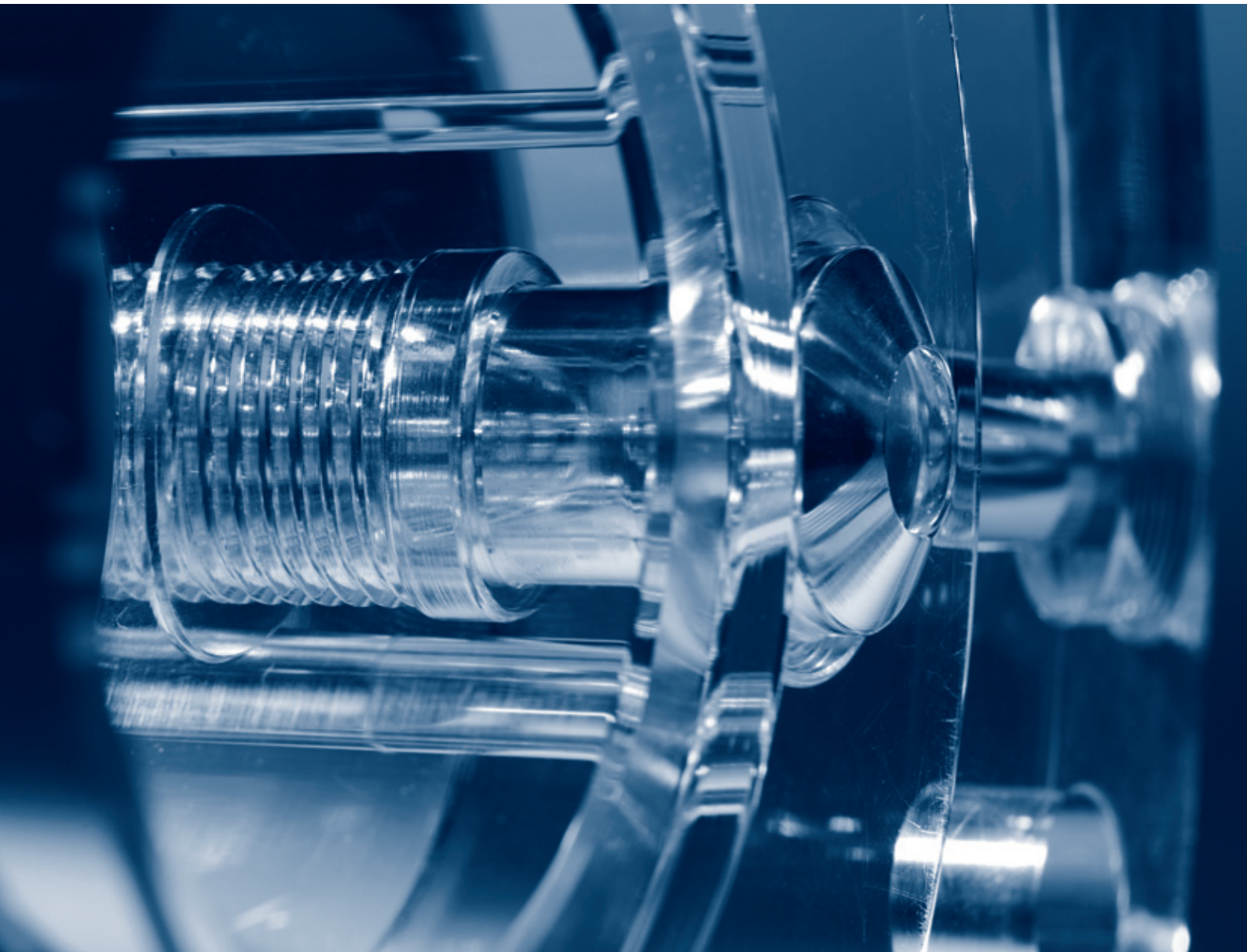




# Interim Report

1 January – 31 March 2010



# Interim Report 1 January – 31 March 2010

- Net sales totalled SEK 298 million (265)
- Profit after tax amounted to SEK 10 million (-7)
- Earnings per share were SEK 1.45 (-1.00)
- Profit before tax amounted to SEK 13 million (-8)
- Cash flow after investments totalled SEK 0 million (8)
- After the closing day, the subsidiary NPB won an order from the United States worth SEK 75 million

## CEO's comments on the Group's development during the period

The start of the new year was, as expected, generally cautious. We gradually gained a fuller and increasingly stable order book, and the outcome of the first quarter as a whole was satisfactory.

The intensive work focusing on controlling costs and handling working capital efficiently continues. We are also striving to maintain a high level of flexibility in the cost structure, for example by means of ongoing measures to adapt staffing to temporary peaks and troughs in production. A deeper collaboration between the companies in each business unit is intended to optimise the synergy effects and utilisation of resources within the Group.

There is a sense of cautious optimism at our companies with regard to a sustainable positive trend from now on. The volumes are increasing once more and the reduced cost level is helping to further improve the profitability. The outcome of the second quarter this year is therefore expected to exceed that of the first quarter.

## Sales

Net sales during the first quarter of 2010 were SEK 298 million (265), an increase of 12 per cent compared to the previous year.

## Profit

The first quarter generated an operating profit of SEK 17 million (-4), corresponding to an operating margin of 5.7 per cent (-1.6). Profit before tax was SEK 13 million (-8). This result includes non-recurring items totalling SEK 4 million (0) attributable to the sale of a product range.

## Share data and key figures

Earnings per share were SEK 1.45 (-1.00) and equity per share amounted to 58.30 (60.30). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 33 per cent (32) at the end of the period. The average number of employees was 852 (929).

## Important events during the period

There are no individual events of major importance to report for the period.

## Events after the closing day

NPB won a large order from the world's leading manufacturer of metal packaging for food at the end of April. The customer, who is based in the USA, has ordered 13 packaging centres for delivery in 2011. The value of the order amounts to the equivalent of SEK 75 million.

## Rotational Moulding

*Rotational Moulding manufactures plastic products in the form of components and systems through rotational moulding. Deliverables cover both customer-specific and inhouse-developed products in equal measure. The primary product segments include boats and articles for the automotive industry, as well as industrial tanks and buoyancy elements.*

|                              | 2010<br>Q1 | 2009<br>Q1 | 2009<br>Full year |
|------------------------------|------------|------------|-------------------|
| Net sales, SEK m             | 36         | 38         | 151               |
| Operating profit/loss, SEK m | 6          | 0          | 6                 |
| Operating margin, %          | 17.1       | -0.7       | 4.0               |

Sales were on a par with that of the first quarter of the previous year, but with a substantially improved result. The current product mix leads to a normal seasonal slump during the winter months and the year's lengthy period of extreme cold had a slowing effect on sales in a couple of the busi-

ness unit's product segments. The adjustments to capacity carried out did, however, lead to profitability being good. The order book stabilised at a higher level in March and the trend is still positive.

## Plastic Components

*Plastic Components offers development and manufacturing services within injection moulding and extrusion of plastic, in addition to production and assembly in classified clean room environments. Deliverables cover both customer-specific components and systems, as well as inhouse-developed products.*

|                              | 2010<br>Q1 | 2009<br>Q1 | 2009<br>Full year |
|------------------------------|------------|------------|-------------------|
| Net sales, SEK m             | 79         | 71         | 292               |
| Operating profit/loss, SEK m | 5          | -3         | 3                 |
| Operating margin, %          | 6.5        | -4.4       | 1.2               |

Slightly higher volumes and a reduced cost level resulted in a clearly improved outcome in the first quarter compared with the corresponding period of the previous year. The rate of product development by the customers is still slow, but the upturn is otherwise stable and covers the majority of the business unit's product segments. The projects that have arisen in recent years have led to the seasonal variation increasing slightly with a peak expected in the second quarter and a certain decline in the second half of the year.

## Precision Technology

*Precision Technology covers component and system manufacture through advanced cutting machining of metal and plastic for the production of components with stringent requirements for quality and precision.*

|                              | 2010<br>Q1 | 2009<br>Q1 | 2009<br>Full year |
|------------------------------|------------|------------|-------------------|
| Net sales, SEK m             | 76         | 70         | 251               |
| Operating profit/loss, SEK m | 4          | 1          | -10               |
| Operating margin, %          | 5.2        | 1.2        | -4.3              |

Net sales were slightly higher than the previous year and the result improved thanks to the adjusted costs. The demand from customers in heavy vehicles continues to be weak while the other segments are gradually recovering. A change has been made to the product mix and assignment direction in order to expand the customer base.

#### Industrial Solutions

*Industrial Solutions supplies customer-specific automation solutions for the food and medical technology industries, in addition to packaging machines for beverage and other food packaging. Inhouse-developed conveyor systems for food products and handling equipment for a variety of applications are also manufactured.*

|                              | 2010<br>Q1 | 2009<br>Q1 | 2009<br>Full year |
|------------------------------|------------|------------|-------------------|
| Net sales, SEK m             | 108        | 87         | 381               |
| Operating profit/loss, SEK m | 6          | 2          | 23                |
| Operating margin, %          | 5.6        | 2.4        | 6.0               |

Fredriksons' sales rose by almost 30% in the first quarter compared with the same period in 2009. The profit level was also good and the order situation suggests a continued positive development in the two units in Sweden and China respectively.

NPB began the year very poorly. After the end of the period, however, the company won a large order for a new customer in the USA. NPB will supply 13 packaging centres to the world's leading manufacturer of metal packaging for food. The value of the order is equivalent to SEK 75 million and deliveries will take place in 2011. NPB carried out extensive restructuring work in 2009, resulting in staff cuts. The new order gives the company high hopes of being able to both re-hire former staff and take on new employees, at the same time as it creates a sense of security for the next few years.

#### Investments

The Group's net investments in fixed assets amounted to SEK 2 million (11) and concerned machinery and equipment.

#### Cash flow and liquidity

Cash flow after investments during the first quarter of the year amounted to SEK 0 million (8). The weaker cash flow for 2010 compared to the previous year is primarily a result of more working capital being tied up, something which is attributable to the increase in volumes.

The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 336 million (244) on the balance sheet date.

#### Risks and uncertainty factors

The Group's major risk and uncertainty factors include business risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels.

A statement on the Group's main financial and business risks can be found on pages 55 and 56 of the annual report for 2009. No additional significant risks are judged to have arisen.

#### Accounting principles

As with the accounts for 2009, the consolidated financial statements for 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Annual Accounts Act and recommendations and statements from the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34. The Group uses the same accounting principles as described in the annual report for 2009

with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2010 inclusive. Only the changes that have had or could have an effect on the Group are covered by the report.

#### *IFRS 3R Business combinations and IAS 27R Consolidated financial statements*

The new rules mean, amongst other things, that transaction fees on business combinations must be written off and also that conditional purchase sums must be set at the real value at the time of acquisition and that the effects of revaluations of these purchase sums must be reported in the profit for the year. The new rules will have an impact on the reporting of future acquisitions.

#### *IFRIC 16 Hedges of a net investment in a foreign operation*

The interpretation may have an impact on future hedge accounting.

#### *RFR 2.3 Accounting for legal entities*

This recommendation means, among other things, that IAS 1 Presentation of financial statements is also to be applied to the Parent Company. This application has not had any effect on the Company's financial position.

#### Next report date

The interim report for the period 1 January to 30 June 2010 will be presented on Wednesday 14 July 2010.

Jönköping, 6 May 2010

XANO Industri AB (publ)

Sune Lantz  
CEO

| Consolidated statement of comprehensive income<br>(SEK million) | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 09/10<br>12 mths<br>Apr-Mar | 2009<br>12 mths<br>Jan-Dec |
|---|---------------------------|---------------------------|-----------------------------|----------------------------|
| Net sales   | 298                       | 265                       | 1,104                       | 1,071                      |
| Cost of goods sold  | -248                      | -233                      | -938                        | -923                       |
| <b>Gross profit</b>   | <b>50</b>                 | <b>32</b>                 | <b>166</b>                  | <b>148</b>                 |
| Other operating income  | 6                         | 3                         | 11                          | 8                          |
| Selling expenses  | -25                       | -24                       | -95                         | -94                        |
| Administrative expenses   | -12                       | -14                       | -48                         | -50                        |
| Other operating expenses  | -2                        | -1                        | -6                          | -5                         |
| <b>Operating profit/loss</b>                                    | <b>17</b>                 | <b>-4</b>                 | <b>28</b>                   | <b>7</b>                   |
| Financial items   | -4                        | -4                        | -16                         | -16                        |
| <b>Profit/loss before tax</b>                                   | <b>13</b>                 | <b>-8</b>                 | <b>12</b>                   | <b>-9</b>                  |
| Tax   | -3                        | 1                         | -4                          | 0                          |
| <b>Net profit/loss for the period</b>                           | <b>10</b>                 | <b>-7</b>                 | <b>8</b>                    | <b>-9</b>                  |
| <i>Other comprehensive income</i>                               |                           |                           |                             |                            |
| Change in hedging reserve including tax <sup>1)</sup>           | -1                        | 0                         | -1                          | 0                          |
| Exchange rate differences <sup>2)</sup>                         | -3                        | 2                         | -10                         | -5                         |
| <b>Comprehensive income for the period</b>                      | <b>6</b>                  | <b>-5</b>                 | <b>-3</b>                   | <b>-14</b>                 |

Depreciation constitutes

17 18 70 71

Tax totals 25% (12) during the interim period. Deviations in tax rates in non-Swedish subsidiaries have contributed to the reduced tax rate in 2009.

<sup>1)</sup> Concerns the effective component of value change in derivative instruments used for the reporting of hedging.

<sup>2)</sup> Exchange rate differences refer to changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts.

| Share data   | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 2009<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|----------------------------|
| Average number of outstanding shares, thousands                  | 6,789                     | 6,789                     | 6,789                      |
| Average number of outstanding shares after dilution, thousands   | 7,009                     | 7,009                     | 7,009                      |
| Average number of shares in own custody, thousands               | 140                       | 140                       | 140                        |
| Basic earnings per share, SEK <sup>1)</sup>                      | 1.45                      | -1.00                     | -1.30                      |
| Diluted earnings per share, SEK <sup>1, 2)</sup>                 | 1.40                      | -1.00                     | -1.30                      |
| Cash flow from operating activities per share, SEK               | 0.45                      | 2.20                      | 18.35                      |
| Total number of shares on balance sheet date, thousands          | 6,929                     | 6,929                     | 6,929                      |
| Number of shares in own custody on balance sheet date, thousands | 140                       | 140                       | 140                        |
| Equity per share on balance sheet date, SEK                      | 58.30                     | 60.30                     | 57.50                      |
| Share price on balance sheet date, SEK                           | 65.00                     | 29.60                     | 56.00                      |

With a deduction for the company's own holding, 140,000 Class B shares, the number of outstanding shares is 6,788,974.

In July 2008, 220,000 convertibles, corresponding to 220,000 Class B shares in the event of full conversion, were issued. The convertibles accrue interest corresponding to STIBOR 12M plus 1.5% and fall due for payment on 30 June 2012.

<sup>1)</sup> Based on net profit/loss for the period.

<sup>2)</sup> No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

| Consolidated statement of financial position<br>(SEK million) | 2010<br>31 Mar | 2009<br>31 Mar | 2009<br>31 Dec |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>   |                |                |                |
| Goodwill  | 208            | 211            | 210            |
| Other intangible fixed assets                                 | 8              | 10             | 9              |
| Tangible fixed assets   | 518            | 581            | 540            |
| Financial fixed assets  | 0              | 1              | 0              |
| <b>Total fixed assets</b>                                     | <b>734</b>     | <b>803</b>     | <b>759</b>     |
| Stock   | 222            | 245            | 206            |
| Current receivables   | 219            | 194            | 182            |
| Cash and bank balances  | 12             | 23             | 11             |
| <b>Total current assets</b>                                   | <b>453</b>     | <b>462</b>     | <b>399</b>     |
| <b>TOTAL ASSETS</b>   | <b>1,187</b>   | <b>1,265</b>   | <b>1,158</b>   |
| <b>EQUITY AND LIABILITIES</b>                                 |                |                |                |
| Equity  | 396            | 409            | 390            |
| Long-term liabilities   | 316            | 353            | 329            |
| Current liabilities   | 475            | 503            | 439            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           | <b>1,187</b>   | <b>1,265</b>   | <b>1,158</b>   |
| Interest-bearing liabilities constitute                       | 533            | 638            | 540            |
| Deferred tax liabilities constitute                           | 45             | 40             | 45             |

| Statement of changes in equity<br>(SEK million) | 2010<br>31 Mar | 2009<br>31 Mar | 2009<br>31 Dec |
|---|----------------|----------------|----------------|
| Opening balance                                 | 390            | 414            | 414            |
| Comprehensive income for the period             | 6              | -5             | -14            |
| Dividend paid                                   | -              | -              | -10            |
| Closing balance                                 | 396            | 409            | 390            |

| Cash flow statement<br>(SEK million)       | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 09/10<br>12 mths<br>Apr-Mar | 2009<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Operating profit/loss                      | 17                        | -4                        | 28                          | 7                          |
| Adjustments for non-cash items etc.        | 8                         | -3                        | 73                          | 62                         |
| Change in working capital                  | -22                       | 22                        | 11                          | 55                         |
| <b>Cash flow from operating activities</b> | <b>3</b>                  | <b>15</b>                 | <b>112</b>                  | <b>124</b>                 |
| Investments                                | -3                        | -7                        | -14                         | -18                        |
| <b>Cash flow after investments</b>         | <b>0</b>                  | <b>8</b>                  | <b>98</b>                   | <b>106</b>                 |
| Financing                                  | 1                         | -3                        | -109                        | -113                       |
| <b>Change in liquid assets</b>             | <b>1</b>                  | <b>5</b>                  | <b>-11</b>                  | <b>-7</b>                  |

| Key ratios                            | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 09/10<br>12 mths<br>Apr-Mar | 2009<br>12 mths<br>Jan-Dec |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|----------------------------|
| Operating margin, %                   | 5.7                       | -1.6                      | 2.6                         | 0.6                        |
| Profit margin, %                      | 4.3                       | -2.9                      | 1.1                         | -0.8                       |
| Return on equity p.a., %              | 9.9                       | -6.5                      | 1.9                         | -2.2                       |
| Return on capital employed p.a., %    | 7.7                       | -0.3                      | 3.7                         | 1.7                        |
| Return on total capital p.a., %       | 6.1                       | -0.2                      | 3.0                         | 1.4                        |
| Interest coverage ratio, multiple     | 3.6                       | -0.1                      | 1.5                         | 0.7                        |
| Equity, SEK m                         | 396                       | 409                       | 396                         | 390                        |
| Equity/assets ratio, %                | 33                        | 32                        | 33                          | 34                         |
| Proportion of risk-bearing capital, % | 37                        | 35                        | 37                          | 38                         |
| Net investments, SEK m                | 2                         | 11                        | 20                          | 29                         |
| Average number of employees           | 852                       | 929                       | 832                         | 851                        |

For definitions, see page 56 of the 2009 annual report.

| Quarterly summary                                  | 2010<br>Q1 | 2009<br>Q1 | 2009<br>Q4 | 2008<br>Q4 | 2009<br>Q3 | 2008<br>Q3 | 2009<br>Q2 | 2008<br>Q2 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales, SEK m                                   | 298        | 265        | 299        | 305        | 237        | 308        | 270        | 409        |
| Gross profit, SEK m                                | 50         | 32         | 49         | 39         | 35         | 56         | 32         | 79         |
| Operating profit/loss, SEK m                       | 17         | -4         | 10         | -2         | 6          | 25         | -5         | 36         |
| Profit/loss before tax, SEK m                      | 13         | -8         | 6          | -13        | 3          | 16         | -10        | 29         |
| Net profit/loss for the period, SEK m              | 10         | -7         | 4          | -7         | 3          | 12         | -9         | 21         |
| Comprehensive income for the period, SEK m         | 6          | -5         | 5          | 0          | -5         | 15         | -9         | 22         |
| Operating margin, %                                | 5.7        | -1.6       | 3.3        | -0.6       | 2.4        | 7.8        | -1.7       | 9.0        |
| Equity/assets ratio, %                             | 33         | 32         | 34         | 33         | 33         | 33         | 32         | 32         |
| Earnings per share, SEK                            | 1.45       | -1.00      | 0.65       | -0.95      | 0.35       | 1.65       | -1.30      | 3.10       |
| Cash flow from operating activities per share, SEK | 0.45       | 2.20       | 4.35       | 4.40       | 2.30       | 1.50       | 9.50       | 5.90       |

### Net sales and profit/loss by segment

| (SEK million)                     | Q1 2010    |          |            |   | Q1 2009    |          |            |   | Q1-Q4 2009   |          |              |   |
|-----------------------------------|------------|----------|------------|---|------------|----------|------------|---|--------------|----------|--------------|---|
|                                   | Net sales  |          |            | Profit/loss<br>before tax <sup>1)</sup> | Net sales  |          |            | Profit/loss<br>before tax <sup>1)</sup> | Net sales    |          |              | Profit/loss<br>before tax <sup>1)</sup> |
|                                   | External   | Internal | Total      |   | External   | Internal | Total      |   | External     | Internal | Total        |   |
| Rotational Moulding               | 36         | 0        | 36         | 5 <sup>2)</sup>                         | 38         | 0        | 38         | 1                                       | 151          | 0        | 151          | 6                                       |
| Plastic Components                | 78         | 1        | 79         | 4                                       | 70         | 1        | 71         | -6                                      | 289          | 3        | 292          | -5                                      |
| Precision Technology              | 76         | 0        | 76         | 3                                       | 70         | 0        | 70         | -1                                      | 250          | 1        | 251          | -16                                     |
| Industrial Solutions              | 108        | 0        | 108        | 5                                       | 87         | 0        | 87         | 1                                       | 381          | 0        | 381          | 19                                      |
| Eliminations                      | -          | -1       | -1         | -                                       | -          | -1       | -1         | -                                       | -            | -4       | -4           | -                                       |
| Undistributed items <sup>1)</sup> | -          | -        | -          | -4                                      | -          | -        | -          | -3                                      | -            | -        | -            | -13                                     |
| <b>Group total</b>                | <b>298</b> | <b>0</b> | <b>298</b> | <b>13</b>                               | <b>265</b> | <b>0</b> | <b>265</b> | <b>-8</b>                               | <b>1,071</b> | <b>0</b> | <b>1,071</b> | <b>-9</b>                               |

IFRS 8 Operating segments, which supersedes IAS 14, is applied as of 1 January 2009 inclusive. This standard requires information to be provided from the management's perspective, which means that the reporting corresponds with the way in which the information is presented internally. The Group reports on the following segments: Rotational Moulding, Plastic Components, Precision Technology and Industrial Solutions. The operations within each segment are described on pages 2 and 3. No changes have been made to the basis for the subdivision into segments in relation to the annual report for 2009. The segments are reported in accordance with the same reporting principles as the Group. Market conditions are applied to transactions between the segments.

In 2010, all segments have boosted their total operating assets, such as stock and trade debtors, as a result of a rise in the order book. A lower investment level and currency fluctuations have contributed to tangible fixed assets being reduced in all segments.

<sup>1)</sup> The result measurement refers to the result before the distribution of group-wide costs and tax in accordance with internal reporting. Undistributed items mainly include costs for the Parent Company.

<sup>2)</sup> This result includes non-recurring items totalling SEK 4 million (0) attributable to the sale of a product range.

| Income statement, Parent Company<br>(SEK million) | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 2009<br>12 mths<br>Jan-Dec |
|---|---------------------------|---------------------------|----------------------------|
| Net sales   | 2.6                       | 2.7                       | 11.0                       |
| Selling and administrative expenses               | -3.7                      | -4.2                      | -14.9                      |
| Other operating income/expenses                   | –                         | -0.4                      | 0.9                        |
| <b>Operating profit/loss</b>                      | <b>-1.1</b>               | <b>-1.9</b>               | <b>-3.0</b>                |
| Financial items                                   | -0.9                      | -0.5                      | 1.3                        |
| <b>Profit after financial items</b>               | <b>-2.0</b>               | <b>-2.4</b>               | <b>-1.7</b>                |
| Appropriations                                    | –                         | –                         | 2.9                        |
| Tax   | 0.5                       | 0.6                       | -0.7                       |
| <b>Net profit for the period</b>                  | <b>-1.5</b>               | <b>-1.8</b>               | <b>0.5</b>                 |

Income tax totals 26% (26) for the interim period.

| Share data, Parent Company                                     | 2010<br>3 mths<br>Jan-Mar | 2009<br>3 mths<br>Jan-Mar | 2009<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|----------------------------|
| Average number of outstanding shares, thousands                | 6,789                     | 6,789                     | 6,789                      |
| Average number of outstanding shares after dilution, thousands | 7,009                     | 7,009                     | 7,009                      |
| Average number of shares in own custody, thousands             | 140                       | 140                       | 140                        |
| Basic earnings per share, SEK                                  | -0.22                     | -0.27                     | 0.08                       |
| Diluted earnings per share, SEK <sup>1)</sup>                  | -0.22                     | -0.27                     | 0.08                       |

<sup>1)</sup> No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

| Balance sheet, Parent Company<br>(SEK million) | 2010<br>31 Mar | 2009<br>31 Mar | 2009<br>31 Dec |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |                |
| Fixed assets                                   | 71.5           | 71.7           | 71.5           |
| Current assets                                 | 251.6          | 261.0          | 252.4          |
| <b>EQUITY AND LIABILITIES</b>                  |                |                |                |
| Equity   | 244.4          | 253.1          | 245.9          |
| Untaxed reserves                               | 10.2           | 13.1           | 10.2           |
| Long-term liabilities                          | 42.6           | 44.2           | 43.5           |
| Current liabilities                            | 25.9           | 22.3           | 24.3           |
| <b>BALANCE SHEET TOTAL</b>                     | <b>323.1</b>   | <b>332.7</b>   | <b>323.9</b>   |

The Parent Company's net investments in fixed assets during the period totalled SEK 0 million (0).

The Parent Company's liquid assets, including external lines of credit granted but not utilised, totalled SEK 251 million (166) on the balance sheet date, an increase of SEK 38 million during the period.

*This report has not been reviewed by the company's auditors.*



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