CONCENTRIC INTERIM REPORT
JANUARY – JUNE 2015

First six months of 2015: Solid results strengthened by currency gains

- **Net sales for the first six months, excluding Alfdex: MSEK 1,243 (1,023) – down 2% year-on-year, after adjusting for currency (+19%) and acquisition of GKN Pumps (+4%)**
- **Operating income for first six months: MSEK 205 (161), including income of MSEK 15 (nil) arising from negative goodwill and one-off expenses[1] of MSEK 14, both associated with the acquisition of GKN Pumps – underlying operating margin of 16.4% (15.8)**
- **Earnings after tax for first six months: MSEK 151 (113) – basic EPS of SEK 3.55 (2.59)**
- **Group's net debt at end of Q2: MSEK 455 (440) – gearing ratio of 49% (56), following dividend payout of MSEK 127 (121) and own share buy-backs of MSEK 42 (50) in Q2**

Key Figures – Group	Apr-Jun			Jan-Jun			Jul-Jun	Jan-Dec
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
Net sales	**620**	**527**	**18%**	**1,243**	**1,023**	**21%**	**2,298**	**2,078**
Operating income before items affecting comparability	102	84	21%	204	161	26%	376	333
Operating income	**88**	**84**	**5%**	**205**	**161**	**27%**	**377**	**333**
Earnings before tax	84	79	6%	198	149	33%	365	316
Net income for the period	**62**	**60**	**3%**	**151**	**113**	**34%**	**279**	**241**
Cash flow from operating activities	114	94	21%	177	159	6%	358	340
Net debt	**455**	**440**	**3%**	**455**	**440**	**3%**	**455**	**528**
Operating margin before items affecting comparability, %	16.5	16.0	0.5	16.4	15.8	0.6	16.4	16.0
Operating margin, %	**14.2**	**16.0**	**-1.8**	**16.5**	**15.8**	**0.7**	**16.4**	**16.0**
Return on equity, %	33.8	28.8	5.0	33.8	28.8	5.0	33.8	29.6
Basic EPS before items affecting comparability, SEK	1.78	1.39	0.39	3.53	2.59	0.94	6.48	5.54
Basic EPS, SEK	**1.45**	**1.39**	**0.06**	**3.55**	**2.59**	**0.96**	**6.51**	**5.54**
Diluted EPS, SEK	1.44	1.38	0.06	3.54	2.58	0.96	6.49	5.53
Gearing ratio, %	**49**	**56**	**-7**	**49**	**56**	**-7**	**49**	**65**

Second quarter of 2015: Strong margin despite weakened market demand

- **Net sales for Q2, excluding Alfdex: MSEK 620 (527) – down 5% year-on-year, after adjusting for currency (+18%) and acquisition of GKN Pumps (+5%)**
- **Operating income for Q2: MSEK 88 (84), including one-off expenses[1] of MSEK 14 associated with the acquisition of GKN Pumps – underlying operating margin of 16.5% (16.0)**
- **Earnings after tax for Q2: MSEK 62 (60) – basic EPS of SEK 1.45 (1.39)**
- **Strong cash flow from operating activities for Q2: MSEK 114 (94)**

[1] One-off expenses associated with the acquisition of GKN Pumps comprised legal and advisory deal costs of MSEK 2, the Chivilcoy redundancy programme totalling MSEK 11 and other integration costs of MSEK 1.

President and CEO, David Woolley, comments on interim report for Q2 2015:

"The group's performance in the first six months of 2015 was strengthened by significant translational currency gains derived from the relative weakness of the Swedish Krona. Underlying sales for the second quarter of 2015, excluding the impact of currency and the GKN Pumps acquisition, were down 5% year-on-year as a result of softening demand for agricultural machinery, construction equipment and light trucks in North America. This has particularly affected our hydraulic product range but, similar to previous downturns, the group's flexibility has ensured that the underlying EBIT margin actually improved to 16.5% for the second quarter.

In the first quarter, the group recognised MSEK 15 of income arising from negative goodwill as the fair value of net assets acquired with GKN Pumps exceeded the purchase price. We recently announced restructuring plans for our Chivilcoy facility and, as expected, we recognised MSEK 14 of one-off expenses in the second quarter.

Looking forward, the orders received, and expected to be fulfilled during the third quarter of 2015, were below the sales levels of the second quarter of 2015. Taking into account the fewer working days, we estimate that third quarter sales will be lower on a sequential quarterly basis, assuming constant currency. Despite these additional market headwinds in North America, Concentric remains well positioned, both financially and operationally, to fully leverage our market opportunities."

Key business events in first six months of 2015:

2-Feb-15 Concentric completes acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, strengthening Concentric's presence in the region.

20-Jul-15 Concentric announces restructuring plans for their new facility in Chivilcoy, Argentina in line with the weak demand in the South American commercial vehicle market.

Net sales and operating income – Group

Key Figures – Group	**Apr-Jun**			**Jan-Jun**			**Jul-Jun**	**Jan-Dec**
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
Net sales	620	527	18%	1,243	1,023	21%	2,298	2,078
Operating income before items affecting comparability	102	84	21%	204	161	26%	376	333
Operating income	88	84	5%	205	161	27%	377	333
Earnings before tax	84	79	6%	198	149	33%	365	316
Net income for the period	62	60	3%	151	113	34%	279	241
Operating margin before items affecting comparability, %	16.5	16.0	0.5	16.4	15.8	0.6	16.4	16.0
Operating margin, %	14.2	16.0	-1.8	16.5	15.8	0.7	16.4	16.0
ROCE before items affecting comparability, %	28.9	26.0	2.9	28.9	26.0	2.9	28.9	27.1
ROCE, %	29.0	26.0	3.0	29.0	26.0	3.0	29.0	27.1

Sales for the first six months were MSEK 1,243 (1,023), up 21% year-on-year in absolute terms. However, adjusting for the impact of currency (+19%) and the acquisition of GKN Pumps (+4%), sales for the first six months were actually down 2%. The Group's average sales per working day for the first six months, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 9.6 (7.9), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the first six months amounted to MSEK 205 (161) and 16.5% (15.8%) respectively. This included the following one-off items associated with the acquisition of GKN Pumps:

- MSEK 15 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration,
- MSEK 2 (nil) of expenses relating to legal and advisory deal costs,
- MSEK 11 (nil) of expenses relating to the recently announced Chivilcoy redundancy programme, and
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

Adjusting for the net effect of these items, the operating margin before items affecting comparability for the first six months improved to 16.4% (15.8).

Sales for the second quarter were MSEK 620 (527), up 18% year-on-year in absolute terms. However, adjusting for the impact of currency (+18%) and the acquisition of GKN Pumps (+5%), sales for the second quarter were actually down 5%. The Group's average sales per working day for the second quarter, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 9.5 (8.2), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the second quarter amounted to MSEK 88 (84) and 14.2% (16.0%) respectively. This included MSEK 14 (nil) of one-off items associated with the acquisition of GKN Pumps, as noted above. Adjusting for these items, the operating margin before items affecting comparability for the second quarter actually improved to 16.5% (16.0).

Net financial items

Net financial expenses incurred for the first six months amounted to MSEK 7 (12), comprising net exchange gains of MSEK 3 (nil), interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 0 (3) and net financial expenses in respect of net pension liabilities of MSEK 10 (8). Accordingly, consolidated income before taxation amounted to MSEK 198 (149) for the first six months.

Net financial expenses incurred for the second quarter amounted to MSEK 4 (5), comprising net exchange gains of MSEK 1 (nil), interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 0 (1) and net financial expenses in respect of net pension liabilities of MSEK 5 (4). Accordingly, consolidated income before taxation amounted to MSEK 84 (79) for the second quarter.

Taxes

Tax expenses for the first six months amounted to MSEK 47 (36), with an effective tax rate for the first six months of 24% (25%). Adjusting earnings before tax for MSEK 15 of negative goodwill which had no related tax entries, the underlying effective tax rate for the first six months was actually 26%.

Tax expenses for the second quarter amounted to MSEK 22 (19), with an effective tax rate for the second quarter of 26% (25%).

Any movements in the group's underlying effective annual tax rate largely reflect the change in mix of taxable earnings and the change in corporate tax rates applicable across the various tax jurisdictions in which the group operates.

Net income and Earnings per share

Earnings after taxation for the first six months amounted to MSEK 151 (113). The basic earnings per share before items affecting comparability for the first six months amounted to SEK 3.53 (2.59). The reported basic and diluted earnings per share for the first six months amounted to SEK 3.55 (2.59) and SEK 3.54 (2.58) respectively.

Earnings after taxation for the second quarter amounted to MSEK 62 (60). The basic earnings per share before items affecting comparability for the second quarter amounted to SEK 1.78 (1.39). The reported basic and diluted earnings per share for the second quarter amounted to SEK 1.45 (1.39) and SEK 1.44 (1.38) respectively.

Segment reporting

The Americas segment comprises the Group's operations in the USA and South America. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe (including the proportional consolidation of Alfdex), India and China.

The evaluation of an operating segment's earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Net sales and operating income – Americas

Americas	Apr-Jun			Jan-Jun			Jul-Jun	Jan-Dec
Amounts in MSEK	2015	2014	Change	2015	2014	Change	2014/15	2014
External net sales	333	261	27%	664	508	31%	1,189	1,033
Operating income before items affecting comparability	46	39	18%	91	77	18%	171	157
Operating income	34	39	-13%	94	77	22%	174	157
Operating margin before items affecting comparability, %	13.9	15.1	-1.2	13.8	15.2	-1.4	14.4	15.2
Operating margin, %	10.3	15.1	-4.8	14.2	15.2	-1.0	14.6	15.2
ROCE before items affecting comparability, %	52.2	47.1	5.1	52.2	47.1	5.1	52.2	49.9
ROCE, %	52.4	47.1	5.3	52.4	47.1	5.3	52.4	49.9

External sales were down 5% year-on-year for the first six months, after adjusting for currency (+27%) and the acquisition of GKN Pumps (+9%), driven by the weak market for agricultural machinery and soft demand for hydraulic product in North America in general, partially offset by the improved volumes experienced in the medium and heavy duty truck market. The average external sales per working day for the first six months, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 5.0 (4.1), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the first six months amounted to MSEK 94 (77) and 14.2% (15.2%) respectively. This included the following one-off items associated with the acquisition of GKN Pumps:

- MSEK 15 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration,
- MSEK 11 (nil) of expenses relating to the recently announced Chivilcoy redundancy programme, and
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

  (Note: MSEK 2 (nil) of expenses relating to legal and advisory deal costs were not allocated for segmental reporting purposes, i.e. they remain at a corporate level).

Adjusting for the net effect of these items, the operating margin before items affecting comparability for the first six months deteriorated to 13.8% (15.2). The regional results for the first six months also included net sales derived from GKN Pumps for the five months ended 30 June 2015 of MSEK 45 which generated an operating loss of MSEK 3. Therefore, the underlying operating margin for the first six months, excluding the acquisition of GKN Pumps entirely, was actually 15.2% (15.2).

External sales were down 8% year-on-year for the second quarter, after adjusting for currency (+25%) and the acquisition of GKN Pumps (+10%), driven by the weak market for agricultural machinery and soft demand for hydraulic product in North America in general, partially offset by the improved volumes experienced in the medium and heavy duty truck market. The average external sales per working day for the second quarter, excluding the acquisition of GKN Pumps, increased significantly year-on-year to MSEK 4.9 (4.1), due principally to the positive currency affect arising from the relatively weak Swedish Krona.

The reported operating income and margin for the second quarter amounted to MSEK 34 (39) and 10.3% (15.1%) respectively. This included MSEK 12 of one-off items associated with the acquisition of GKN Pumps, as noted above. Adjusting for the net effect of these items, the operating margin before items affecting comparability for second quarter deteriorated to 13.9% (15.1). The regional results for the second quarter also included net sales derived from GKN Pumps of MSEK 27 which generated an operating loss of MSEK 2. Therefore, the underlying operating margin for the second quarter, excluding the acquisition of GKN Pumps entirely, was 15.7% (15.1).

Net sales and operating income – Europe & RoW

Europe & RoW	**Apr-Jun**			**Jan-Jun**			**Jul-Jun**	**Jan-Dec**
Amounts in MSEK	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2014/15**	**2014**
External net sales (including Alfdex)	334	305	10%	673	593	13%	1,283	1,203
Operating income	58	45	29%	116	85	35%	212	182
Operating margin, %	17.3	14.7	2.6	17.1	14.3	2.8	16.5	15.1
ROCE, %	21.8	19.0	2.8	21.8	19.0	2.8	21.8	20.0

External sales for the first six months, including Concentric's 50% share of the revenues attributable to Alfdex, were up 3% year-on-year, after adjusting for the impact of currency (+10%). As a result, the average external sales per working day for the first six months, including 50% of Alfdex, increased year-on-year to MSEK 5.3 (4.4), including the positive currency affect arising from the relatively weak Swedish Krona.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 116 (85) for the first six months. This increase in operating income year-on-year represented a drop-through rate of 38% based upon the higher external sales value. As a result, the operating margin for the first six months improved to 17.1% (14.3).

External sales for the second quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were up 1% year-on-year, after adjusting for the impact of currency (+9%). As a result, the average external sales per working day for the second quarter, including 50% of Alfdex, increased year-on-year to MSEK 5.4 (4.7), including the positive currency affect arising from the relatively weak Swedish Krona.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 58 (45) for the second quarter. This increase in operating income year-on-year represented a drop-through rate of 43% based upon the higher external sales value. As a result, the operating margin for the second quarter improved to 17.3% (14.7).

Market development

The market information detailed below pertaining to diesel engines is based on statistics from Power Systems Research. The market information pertaining to hydraulics products is based on statistics from Off-Highway Research for construction equipment and the International Truck Association for lift trucks.

End-markets & Regions	Q2-15 vs. Q2-14			H1-15 vs. H1-14			FY-15 vs. FY-14		
	North America	Europe	China/ India	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery									
Diesel engines	-11%	-16%	-4%	-10%	-13%	-7%	-10%	-8%	-5%
Construction equipment									
Diesel engines	-13%	4%	-13%	-4%	1%	-11%	-3%	-1%	-9%
Hydraulic equipment	3%	3%	n/a	4%	3%	n/a	4%	3%	n/a
Trucks									
Light vehicles	-21%	n/a	n/a	-9%	n/a	n/a	-9%	n/a	n/a
Medium/Heavy vehicles	9%	6%	-8%	9%	3%	-8%	9%	2%	-5%
Industrial Applications									
Other Off-highway	-2%	1%	-5%	-2%	1%	-6%	-1%	-1%	-3%
Hydraulic lift trucks	1%	1%	n/a	0%	1%	n/a	-1%	-2%	n/a

Based on Q2 2015 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The published market indices for the second quarter appear broadly in line with Concentric's actual sales and order experience for Q2 2015. As noted in previous quarters, movements in the market indices tend to lag our order intake experience by 3-6 months.

North American end-markets

- Latest market indices for the production of diesel engines were down year-on-year in all end-markets for both the second quarter and the first six months, with the exception of medium and heavy trucks which continued to show strong growth levels. These indices are broadly consistent with Concentric's actual sales of engine products in North America.
- Latest market indices for hydraulic products, typically used later in the production cycle, report modest growth year-on-year for both the second quarter and the first six months. This continues to be in contrast with Concentric's actual sales of hydraulic products in North America which were down year-on-year by 9% and 10% for the second quarter and first six months respectively. This largely reflects Concentric's customer mix and, in particular, the reliance on Caterpillar and John Deere.

European end-markets

- Market indices for the production of diesel engines were slightly up year-on-year, in all end-markets for both the second quarter and the first six months, with the exception of agricultural machinery market which remained depressed. These indices are broadly consistent with Concentric's actual sales of engine products in Europe.
- Demand for hydraulic products in European end-markets remained relatively stable year-on-year for both the second quarter and the first six months, in line with Concentric's actual sales experience.

Emerging end-markets

- Latest market indices for both India and China were down year-on-year across all end markets for both the second quarter and the first six months. This was consistent with Concentric's sales although these markets only represent c. 5% of the group's total revenues.

Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of Agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric's customers and, therefore, the most significant driver is actually the number of working days in the quarter.

The weighted average number of working days in the first six months was 125 (123) for the Group, with an average of 124 (124) working days for the Americas region and 126 (121) working days for the Europe & RoW region.

The weighted average number of working days in the second quarter was 62 (61) for the Group, with an average of 63 (63) working days for the Americas region and 62 (58) working days for the Europe & RoW region.

Consolidated sales development	**Q2-15 vs. Q2-14**			**H1-15 vs. H1-14**			**FY-15 vs. FY-14**		
	America	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**
Blended market rates 1)	-2%	2%	**0%**	0%	0%	**0%**	0%	-1%	**0%**
Concentric actual rates 2)	-8%	1%	**-3%**	-5%	3%	**0%**			

1) *Based on latest market indices blended to Concentric's mix of end-markets and locations*

2) *Based on actual sales in constant currency, including Alfdex but excluding the impact of GKN Pumps*

Overall, market indices suggest production rates, blended to the Group's end-market and regions, were flat year-on-year for the first six months and they predict that this will persist for the full year. These indices are broadly in line with Concentric's actual sales for the first six months, including revenues attributable to Alfdex, which were also flat year-on year, adjusting for currency and the acquisition of GKN Pumps.

Cash flow

The reported cash inflow from operating activities for the first six months amounted to MSEK 177 (159), which represents SEK 4.18 (3.62) per share. In addition, the group received a dividend of MSEK 12 (12) in the first six months from its 50% ownership in Alfdex AB.

The reported cash inflow from operating activities for the second quarter amounted to MSEK 114 (94), which represents SEK 2.69 (2.15) per share.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 11 (9) for the first six months, and MSEK 7 (4) for the second quarter.

In addition, the group also made property divestments of MSEK 3 (0) related to the completion of the sale of the Group's vacant freehold property in Skånes Fagerhult, Sweden, at book value in the first quarter.

On 30 January 2015, Concentric completed the acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps"). The total net cash flow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition-related expenses of MSEK 2, less the cash balances acquired of MSEK 12. Further details of the acquisition are provided below.

Financial position

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 June, 2015 the fair value of derivative instruments that were assets was MSEK 2 (4), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Following a further review of the actuarial assumptions used to value the Group's defined benefit pension plans, actuarial gains of MSEK 244 (nil) have been recognised in net pension liabilities during the second quarter, largely related to movements in the respective discount and inflation rates applied. This takes the cumulative net actuarial gains recognised in the first six months to MSEK 100 (nil). These gains largely offset MSEK 127 of actuarial losses that were recognised as part of the year-end valuation undertaken at 31 December 2014.

As a result, the Group's net debt at 30 June was MSEK 455 (440), comprising bank loans and corporate bonds of MSEK 184 (186) and net pension liabilities of MSEK 488 (415), net of cash amounting to MSEK 217 (161).

A dividend of SEK 3.00 per share, totaling MSEK 127, in respect of the 2014 financial year was approved at the Annual General Meeting held on 26 March 2015 and settled on 2 April 2015.

Shareholders' equity amounted to MSEK 929 (782), resulting in a gearing ratio of 49% (56) at the end of the second quarter.

Employees

The average number of full-time equivalents employed by the group during the first six months and the second quarter of 2015 was 1,103 (1,045) and 1,138 (1,046) respectively.

Parent Company

Net sales for the first six months amounted to MSEK 14 (14), generating an operating income of MSEK 5 (7). The slight deterioration reflects the remuneration from subsidiaries in the current period for services rendered.

The company received a dividend of MSEK 99 (nil) in the second quarter from their subsidiary undertaking, Concentric US Finance 2 Limited. The company also received a dividend of MSEK 12 (12) in the first quarter from their 50% ownership in the joint-venture company, Alfdex AB.

The cumulative net exchange rate loss for the first six months was MSEK 37 (20). Interest expenses for the first six months amounted to MSEK 1 (3).

Net sales for the second quarter amounted to MSEK 8 (7), generating an operating income of MSEK 3 (3). The slight improvement reflects the remuneration from subsidiaries in the current period for services rendered.

The cumulative net exchange rate gain for the second quarter was MSEK 32 (loss 21). Interest expenses for the second quarter amounted to MSEK 1 (1).

Related-party transactions

The Parent Company is a related party to its subsidiaries and associated companies. Transactions with subsidiaries and associated companies occur on commercial market terms. No transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the company's or the group's financial position and results.

Acquisitions

On 30 January 2015, Concentric completed the acquisition of the entire share capital of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, strengthening Concentric's presence in the region. GKN Pumps has a production facility in Chivilcoy, Argentina, providing an important foothold in the Mercosur trade bloc, thereby enabling further penetration of the South American market. The fair values of the identifiable assets acquired and the liabilities assumed were determined as follows:

Fair values – GKN Pumps acquisition *Amounts in MSEK*	**Book values**	**Adjustments**	**Fair values**
Cash	20	-	20
Total purchase consideration for shares in GKN Pumps	**20**	**-**	**20**
Other intangible fixed assets 1)	1	-1	-
Tangible fixed assets 2)	19	1	20
Total fixed assets acquired	**20**	**0**	**20**
Inventories 2,3)	13	-2	11
Current receivables	27	-	27
Cash and cash equivalents	12	-	12
Total current assets acquired	**52**	**-2**	**50**
Short-term interest-bearing liabilities	1	-	1
Other current liabilities 4)	26	8	34
Total current liabilities assumed	**27**	**8**	**35**
Net assets acquired	**45**	**-10**	**35**
Negative goodwill arising on acquisition	**-25**	**10**	**-15**

Concentric have recognised MSEK 15 of income arising from negative goodwill, as the fair value of the net assets acquired with GKN Pumps exceeded the purchase price. Historically, GKN Pumps has been an unprofitable venture and, as a result, the seller approached Concentric intent upon a strategic exit from the pump manufacturing business. This, together with the apparent over manning in the Chivilcoy facility at the date of acquisition, enabled Concentric to agree a favourable purchase price.

Fair value adjustments

The fair value adjustments identified may be summarised as follows:

1) Writedown of intangible fixed assets to their net realisable value,
2) Reclassification of tooling from inventories to tangible fixed assets;
3) Writedown of consumables included in inventories, in line with Concentric's policies; and
4) Additional provisions for bonuses, legal claims, warranty and environmental remediation.

Given the history of trading losses for GKN Pumps, no corresponding deferred tax assets have been recognised in respect of these adjustments.

Acquisition-related costs

In addition to the total purchase consideration for the shares in GKN Pumps shown above, acquisition-related legal and advisory costs of MSEK 2 were incurred and expensed in the income statement for the first six months.

Pre-acquisition trading results

The net sales of GKN Pumps for the year ended 31 December 2014 (excluded from Concentric's consolidated results for FY 2014) of MSEK 99 generated a loss at both an EBIT and net income level of MSEK 6, after the push back of fair value adjustments.

The net sales of GKN Pumps for January 2015 (excluded from Concentric's consolidated results for 2015) of MSEK 6 generated a loss at both an EBIT and net income level of MSEK 1.

Post-acquisition trading results

The net sales of GKN Pumps for the five months ended 30 June 2015 (included in Concentric's consolidated results) of MSEK 45 generated a loss at both an EBIT and net income level of MSEK 3. In addition, the following one-off items associated with the acquisition of GKN Pumps were recognised in the first six months:

- MSEK 15 (nil) of income arising from the negative goodwill calculated from the surplus of net assets acquired compared to the purchase consideration,
- MSEK 2 (nil) of expenses relating to legal and advisory deal costs,
- MSEK 11 (nil) of expenses relating to the recently announced Chivilcoy redundancy programme, and
- MSEK 1 (nil) of expenses relating to other post-acquisition integration costs.

The net sales of GKN Pumps for the second quarter (included in Concentric's consolidated results) of MSEK 27 generated a loss at both an EBIT and net income level of MSEK 2. In addition, the MSEK 14 of one-off items associated with the acquisition of GKN Pumps noted above were recognised in the second quarter.

Business overview

Descriptions of Concentric's business and its objectives, the driving forces it faces, its products, market position and the end-markets it serves, together with details on the business excellence programme are all presented in the 2014 Annual Report (http://www.concentricab.com/_downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) on pages 6-23.

Significant risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group. Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences. The risks to which Concentric are exposed may be classified into four main categories:

- Industry and market risks – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;
- Operational risks – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability;
- Legal risks – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; and
- Financial risks – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2014 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during the first six months of 2015.

Please refer to the Risk and Risk Management section on pages 29-31 of the 2014 Annual Report (http://www.concentricab.com/_downloads/AGM-2015/Concentric_AR_2014_ENG.pdf) for further details.

Buy-back and Holdings of Own Shares

On 26 March 2015, the AGM resolved to retire 1,363,470 of the company's own repurchased shares. The retirement of shares has been carried out through a reduction of share capital with retirement of shares and a subsequent bonus issue to restore the share capital. Altogether, the resolution resulted in the number of shares outstanding being reduced by 1,363,470 and the share capital being increased by SEK 41.

In addition, the AGM resolved to authorise the Board of Directors, during the period up to the next AGM in 2016, to resolve on buying back own shares so that the Company's holdings do not at any point exceed 10 percent of the total number of shares in issue. Acquisitions shall be made in cash and take place on NASDAQ OMX Stockholm, for the purpose of increasing the flexibility in connection with potential future corporate acquisitions, as well as to be able to improve the company's capital structure and to cover costs for, and enable delivery of shares under the company's LTI programmes.

During the second quarter, 157,760 options granted under the LTI 2012 programme were exercised and satisfied in full using the company's holdings of own shares. In addition, under the own share buyback mandate resolved at the 2015 Annual General Meeting, the company also purchased 371,104 (512,247) ordinary shares for a total consideration of MSEK 42 (50). Consequently the company's total holdings of own shares at the end of the second quarter was 674,185 (776,542), which represented 1.6% (1.8) of the total number of shares in issue of 42,852,500 (44,215,970).

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Basis of Preparation and Accounting policies

This interim report for the Concentric AB group is prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 *Accounting for legal entities*.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2014 Annual Report.

New standards, amendments and interpretations to existing standards that have been endorsed by the EU and adopted by the group

None of the IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the group.

Purpose of report and forward-looking information

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric is required to disclose under the Swedish Securities Market Act. The information was submitted for publication at 8.00am on 24 July, 2015. This report contains forward-looking information in the form of statements concerning the outlook for Concentric's operations. This information is based on the current expectations of Concentric's management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.

Future reporting dates

Interim Report January-September 2015	23 October, 2015
Interim Report January-December 2015	10 February, 2016
Annual Report January-December 2015	16 March, 2016
Annual General Meeting 2016	6 April, 2016

The Board of Directors and President give their assurance that the six-month report presents a true and fair view of the Group's and Parent Company's operations, financial position and profits and describes the significant risks and uncertainties facing the Parent Company and companies included in the Group.

Stockholm, 24 July, 2015

Concentric AB (publ)

Stefan Charette
Chairman

Claes Magnus Åkesson
Board member

Marianne Brismar
Board member

Kenth Eriksson
Board member

Martin Lundstedt
Board member

Martin Sköld
Board member

Susanna Schneeberger
Board member

David Woolley
President and CEO

For further information, please contact:

David Woolley (President and CEO) or David Bessant (CFO) at Tel: +44 121 445 6545 or E-mail: info@concentricab.com

Corporate Registration Number 556828-4995

KPMG

Report on Review of Interim Financial Information

Introduction

We have reviewed the interim report of Concentric AB (publ), corporate identity number 556828-4995, as of 30 June, 2015 and for the six-month period then ended. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim annual report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that we would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, 24 July, 2015

KPMG AB

Anders Malmeby

Authorised Public Accountant

Consolidated Income Statement, in summary

Amounts in MSEK	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Net sales	620	527	1,243	1,023	2,298	2,078
Cost of goods sold	-455	-381	-906	-743	-1,673	-1,510
Gross income	**165**	**146**	**337**	**280**	**625**	**568**
Selling expenses	-21	-18	-44	-32	-94	-82
Administrative expenses	-37	-27	-74	-56	-134	-116
Product development expenses	-13	-17	-25	-35	-48	-58
Share of profit in joint venture, net of interest and tax	5	0	10	3	19	12
Other operating income and expenses	-11	0	1	1	9	9
Operating income	**88**	**84**	**205**	**161**	**377**	**333**
Financial income and expense	-4	-5	-7	-12	-12	-17
Earnings before tax	**84**	**79**	**198**	**149**	**365**	**316**
Taxes	-22	-19	-47	-36	-86	-75
Net income for the period	**62**	**60**	**151**	**113**	**279**	**241**
Basic earnings per share before items affecting comparability, SEK	1.78	1.39	3.53	2.59	6.48	5.54
Basic earnings per share, SEK	1.45	1.39	3.55	2.59	6.51	5.54
Diluted earnings per share, SEK	1.44	1.38	3.54	2.58	6.49	5.53
Basic average number of shares (000)	42,379	43,795	42,385	43,876	42,682	43,421
Diluted average number of shares (000)	42,546	43,900	42,543	43,965	42,817	43,523

Consolidated statement of comprehensive income

Amounts in MSEK	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Net income for the period	**62**	**60**	**151**	**113**	**279**	**241**
Other comprehensive income						
Items that will not be reclassified to the income statement:						
Actuarial gains/losses	244	-	100	-	-27	-127
Tax on actuarial gains/losses	-60	-	-21	-	12	33
Items that may be reclassified subsequently to the income statement:						
Exchange rate differences related to liabilities to foreign operations	32	-21	-37	-20	-125	-108
Tax arising from exchange rate differences related to liabilities to foreign operations	-7	4	8	4	28	24
Cash-flow hedging	-8	0	-1	5	-2	4
Tax arising from cash-flow hedging	2	0	0	-1	-1	-2
Foreign currency translation differences	-50	62	78	69	240	231
Total other comprehensive income	***153***	***45***	***127***	***57***	***125***	***55***
Total comprehensive income	**215**	**105**	**278**	**170**	**404**	**296**

Consolidated Balance Sheet, in summary 1)

Amounts in MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Goodwill	646	563	612
Other intangible fixed assets	332	327	335
Tangible fixed assets	204	184	194
Share of net assets in joint venture	19	17	26
Deferred tax assets	164	136	165
Long-term receivables	4	4	4
Total fixed assets	**1,369**	**1,231**	**1,336**
Inventories	232	215	222
Current receivables	361	293	273
Cash and cash equivalents	217	161	235
Total current assets	**810**	**669**	**730**
Total assets	**2,179**	**1,900**	**2,066**
Total Shareholders' equity	**929**	**782**	**811**
Pensions and similar obligations	488	415	568
Deferred tax liabilities	62	89	64
Long-term interest-bearing liabilities	177	178	3
Other long-term liabilities	12	4	5
Total long-term liabilities	**739**	**686**	**640**
Short-term interest-bearing liabilities	7	8	192
Other current liabilities	504	424	423
Total current liabilities	**511**	**432**	**615**
Total equity and liabilities	**2,179**	**1,900**	**2,066**

1) The carrying amount of financial assets and financial liabilities are considered reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 June, 2015 the fair value of derivative instruments that were assets was MSEK 2 (4), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.

Consolidated changes in shareholders' equity, in summary

Amounts in MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Opening balance	**811**	**783**	**783**
Net income for the period	151	113	241
Other comprehensive loss/income	127	57	55
Total comprehensive income	**278**	**170**	**296**
Dividend	-127	-121	-121
Own share buy-backs	-42	-50	-148
Sale of own shares to satisfy LTI 2012 options exercised	8	-	-
Long-term incentive plan	1	-	1
Closing balance	**929**	**782**	**811**

Consolidated cash flow statement, in summary

Amounts in MSEK	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul -Jun 2014/15	Full year 2014
Earnings before tax	84	79	198	149	365	316
Reversal of depreciation, amortization and fixed asset write-downs	22	24	29	47	65	83
Reversal of share of profit in joint venture	-5	-	-10	-3	-19	-12
Reversal of other non-cash items	13	3	20	5	32	17
Taxes paid	-9	-23	-27	-30	-96	-99
Cash flow from operating activities before changes in working capital	*105*	*83*	*210*	*168*	*347*	*305*
Change in working capital	9	11	-33	-9	11	35
Cash flow from operating activities	***114***	***94***	***177***	***159***	***358***	***340***
Investments in subsidiaries 1)	-	-	-10	-	-10	-
Investments in property, plant and equipment	-7	-4	-8	-9	-24	-25
Cash flow from investing activities	***-7***	***-4***	***-18***	***-9***	***-34***	***-25***
Dividends paid	-127	-121	-127	-121	-127	-121
Dividends received from joint venture	2	-	12	12	12	12
Buy back of own shares	-42	-50	-42	-50	-140	-148
New loans received	5	7	183	7	192	16
Repayment of loans	-	-	-194	-18	-195	-19
Pension payments and other cash flows from financing activities	-6	-8	-17	-19	-37	-39
Cash flow from financing activities	***-168***	***-172***	***-185***	***-189***	***-295***	***-299***
Cash flow for the period	**-61**	**-82**	**-26**	**-39**	**29**	**16**
Cash and bank assets, opening balance	286	237	235	193	161	193
Exchange-rate difference in cash and bank assets	-8	6	8	7	27	26
Cash and bank assets, closing balance	**217**	**161**	**217**	**161**	**217**	**235**

1) The total net cash outflow relating to the investment in GKN Pumps of MSEK 10 comprised the cash purchase consideration of MSEK 20 plus acquisition related expenses of MSEK 2, less the cash balances acquired of MSEK 12.

Data per Share

	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Basic earnings per share before items affecting comparability, SEK	1.78	1.39	3.53	2.59	6.48	5.54
Basic earnings per share, SEK	1.45	1.39	3.55	2.59	6.51	5.54
Diluted earnings per share, SEK	1.44	1.38	3.54	2.58	6.49	5.53
Equity per share, SEK	22.02	18.01	22.02	18.01	22.02	19.13
Cash-flow from current operations per share, SEK	2.69	2.15	4.18	3.62	8.39	7.83
Basic weighted average no. of shares (000's)	42,379	43,795	42,385	43,876	42,682	43,421
Diluted weighted average no. of shares (000's)	42,546	43,900	42,543	43,965	42,817	43,523
Number of shares at period-end (000's)	42,178	43,439	42,178	43,439	42,178	42,392

Key figures

	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Sales growth, %	13	12	17	14	n/a	12
Sales growth, constant currency, % 1)	5	2	-2	5	n/a	3
EBITDA margin, %	17.7	20.5	18.8	20.3	19.3	20.0
Operating margin before items affecting comparability, %	16.5	16.0	16.4	15.8	16.4	16.0
Operating margin, %	14.2	16.0	16.5	15.8	16.4	16.0
Capital Employed, MSEK	1,344	1,230	1,344	1,230	1,344	1,278
ROCE before items affecting comparability, %	28.9	26.0	28.9	26.0	28.9	27.1
ROCE, %	29.0	26.0	29.0	26.0	29.0	27.1
ROE, %	33.8	28.8	33.8	28.8	33.8	29.6
Working Capital, MSEK	89	85	89	85	76	72
Working capital as a % of annual sales	3.9	4.3	3.9	4.3	3.9	3.5
Net Debt, MSEK	455	440	455	440	455	528
Gearing ratio, %	49	56	49	56	49	65
Net investments in PPE	7	4	8	9	24	25
R&D, %	2.1	3.2	2.0	3.4	4.5	2.8
Number of employees, average	1,138	1,046	1,103	1,045	1,051	1,036

1) Also excludes the impact of any acquisitions or divestments in that period.

Consolidated income statement in summary, by type of cost

Amounts in MSEK	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Net sales	620	527	1,243	1,023	2,298	2,078
Direct material costs	-320	-279	-641	-539	-1,197	-1,095
Personnel costs	-132	-95	-253	-193	-459	-399
Depreciation, amortization and impairment losses	-22	-24	-29	-47	-65	-83
Share of profit in joint venture, net of tax	5	0	10	3	19	12
Other operating costs, net	-63	-45	-125	-86	-219	-180
Operating income	**88**	**84**	**205**	**161**	**377**	**333**
Financial income and expense	-4	-5	-7	-12	-12	-17
Earnings before tax	**84**	**79**	**198**	**149**	**365**	**316**
Taxes	-22	-19	-47	-36	-86	-75
Net income for the period	**62**	**60**	**151**	**113**	**279**	**241**

Consolidated Income Statement in summary, per quarter

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Net sales	620	623	535	520	527	496	468	496
Cost of goods sold	-455	-451	-388	-379	-381	-361	-347	-368
Gross income	**165**	**172**	**147**	**141**	**146**	**135**	**121**	**128**
Selling expenses	-21	-23	-32	-18	-18	-14	-12	-17
Administrative expenses	-37	-37	-29	-31	-27	-29	-25	-27
Product development expenses	-13	-12	-13	-10	-17	-18	-17	-16
Share of net income from joint venture	5	5	6	3	-	3	5	5
Other operating income and expenses 1)	-11	12	7	1	-	-	1	2
Operating income	**88**	**117**	**86**	**86**	**84**	**77**	**73**	**75**
Financial income and expense	-4	-3	-3	-2	-5	-7	-12	-9
Earnings before tax	**84**	**114**	**83**	**84**	**79**	**70**	**61**	**66**
Taxes	-22	-25	-19	-20	-19	-17	-15	-17
Net income for the period	**62**	**89**	**64**	**64**	**60**	**53**	**46**	**49**

1) Other operating income and expenses per quarter

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Product development and tooling income	5	4	7	11	3	2	4	2
Royalty income from joint venture	7	6	5	5	6	6	5	5
Negative goodwill	-	15	-	-	-	-	-	-
Amortisation of surplus acquisition values	-10	-9	-9	-8	-8	-8	-8	-8
Acquisition-related expenses	-2	-	-	-2	-	-	-1	-
Restructuring	-12	-	-	-	-	-	-	-
Other	1	-4	4	-5	-1	-	1	3
Other operating income and expenses	**-11**	**12**	**7**	**1**	**-**	**-**	**1**	**2**

Key figures by quarter

	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Basic EPS before items affecting comparability, SEK	1.78	1.75	1.49	1.47	1.39	1.20	1.04	1.10
Basic EPS, SEK	1.45	2.10	1.49	1.47	1.39	1.20	1.04	1.10
Diluted EPS, SEK	1.44	2.10	1.49	1.46	1.38	1.20	1.04	1.10
Operating margin before items affecting comparability, %	16.5	16.3	16.1	16.4	16.0	15.5	15.6	15.1
Operating margin, %	14.2	18.8	16.1	16.4	16.0	15.5	15.6	15.1
ROCE before items affecting comparability, %	28.9	28.2	27.1	26.5	26.0	26.0	25.0	21.2
ROCE, %	29.0	29.3	27.1	26.5	26.0	26.0	25.0	21.2
ROE, %	33.8	34.4	29.6	28.8	28.8	27.7	27.2	23.5
Equity per share, SEK	22.02	17.64	19.13	19.59	18.01	19.29	17.80	14.04
Cash-flow per share, SEK	2.69	1.49	2.27	1.94	2.15	1.47	1.82	1.25
Net investments in PPE	7	1	10	6	4	5	15	14
R&D, %	2.1	1.9	2.3	2.1	3.2	3.6	3.7	3.2
Number of employees, average	1,138	1,079	1,023	1,032	1,046	1,046	1,053	1,067

Segment reporting 1)

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Americas								
External net sales	333	331	258	267	261	246	231	251
Operating income before items affecting comparability	46	45	39	41	39	38	35	35
Operating income	34	60	39	41	39	38	35	35
Operating margin before items affecting comparability, %	13.9	13.6	15.2	15.1	15.1	15.3	15.3	14.0
Operating margin, %	10.3	18.2	15.2	15.1	15.1	15.3	15.3	14.0
Assets	703	736	565	562	533	522	494	529
Liabilities	373	392	286	283	290	270	250	297
Capital employed	337	377	334	318	294	315	309	310
ROCE before items affecting comparability, %	52.2	50.1	49.9	49.4	47.1	45.2	40.9	38.3
ROCE, %	52.4	54.7	49.9	49.4	47.1	45.2	40.9	38.3
Net investments in PPE	4	0	0	0	-	-	2	3
Depreciation, goodwill and fixed asset write-downs	7	-8	5	6	6	5	6	6
Number of employees, average	442	377	308	310	315	317	326	336
Europe & RoW								
External net sales (including Alfdex)	334	339	317	293	305	289	272	275
Operating income	58	58	49	48	45	40	40	41
Operating margin, %	17.3	17.0	15.5	16.2	14.7	14.0	14.6	14.9
Assets	1,424	1,517	1,397	1,356	1,314	1,258	1,258	1,245
Liabilities	665	891	733	631	611	584	601	695
Capital employed	1,026	1,056	959	908	914	878	886	852
ROCE, %	21.8	21.1	20.0	19.4	19.0	19.0	19.0	14.7
Net investments in PPE	3	1	10	6	4	5	14	12
Depreciation, goodwill and fixed asset write-downs	15	15	12	14	18	18	20	16
Number of employees, average	755	759	773	782	787	781	776	779
Eliminations and unallocated items								
Elimination of sales	-47	-47	-41	-40	-39	-39	-35	-30
Operating income	-4	-1	-2	-3	-	-1	-2	-1
Net investments in PPE	0	0	0	0	-	-	-1	-1
Depreciation, goodwill and fixed asset write-downs	0	0	-1	0	-	-	-1	-1
Number of employees, average	-59	-57	-58	-60	-56	-52	-49	-48
Group								
Net sales	620	623	535	520	527	496	468	496
Operating income before items affecting comparability	102	102	86	86	84	77	73	75
Operating income	88	117	86	86	84	77	73	75
Operating margin before items affecting comparability, %	16.5	16.3	16.1	16.4	16.0	15.5	15.6	15.1
Operating margin, %	14.2	18.8	16.1	16.4	16.0	15.5	15.6	15.1
Assets	2,179	2,354	2,066	1,966	1,900	1,917	1,869	1,830
Liabilities	1,250	1,606	1,255	1,125	1,118	1,069	1,086	1,213
Capital employed	1,344	1,397	1,278	1,244	1,230	1,202	1,194	1,161
ROCE before items affecting comparability, %	28.9	28.2	27.1	26.5	26.0	26.0	25.0	21.2
ROCE, %	29.0	29.3	27.1	26.5	26.0	26.0	25.0	21.2
Net investments in PPE	7	1	10	6	4	5	15	14
Depreciation, goodwill and fixed asset write-downs	22	7	16	20	24	23	25	21
Number of employees, average	1,138	1,079	1,023	1,032	1,046	1,046	1,053	1,067

Operating income per operating segment

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Americas	34	60	39	41	39	38	35	35
Europe & RoW	58	58	49	48	45	40	40	41
Eliminations and unallocated items	-4	-1	-2	-3	-	-1	-2	-1
Total operating income	**88**	**117**	**86**	**86**	**84**	**77**	**73**	**75**
Financial income and expenses	-4	-3	-3	-2	-5	-7	-12	-9
Earnings before tax	**84**	**114**	**83**	**84**	**79**	**70**	**61**	**66**

Sales by geographic location of customer

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
USA	301	309	246	251	232	213	211	211
Rest of North America	6	5	17	16	28	29	24	43
South America	22	17	0	1	0	2	2	3
Germany	96	98	86	82	86	89	76	95
UK	40	45	45	49	44	40	39	38
Sweden	32	26	27	20	24	24	23	20
Rest of Europe	83	84	76	70	83	70	57	54
Asia	36	39	37	31	29	27	35	30
Other	4	0	1	0	1	2	1	2
Total Group	**620**	**623**	**535**	**520**	**527**	**496**	**468**	**496**

Sales by product groups (including Alfdex)

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Concentric branded Engine products	334	333	285	263	263	249	235	247
LICOS branded Engine products	42	38	27	36	36	29	33	32
Alfdex branded Engine products	47	47	41	40	39	39	35	30
Total Engine products	423	418	353	339	338	317	303	309
Total Hydraulics products	244	252	223	221	228	218	200	217
Eliminations	-47	-47	-41	-40	-39	-39	-35	-30
Total Group	**620**	**623**	**535**	**520**	**527**	**496**	**468**	**496**

Tangible assets by operating location

Amounts in MSEK	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
USA	47	51	48	46	47	48	51	51
South America	19	20	-	-	-	-	-	-
Germany	49	52	55	50	51	53	52	51
UK	67	66	65	64	62	57	57	48
Sweden	0	0	3	1	1	1	1	1
Other	22	24	23	23	23	23	24	24
Total Group	**204**	**213**	**194**	**184**	**184**	**182**	**185**	**175**

Parent Company's income statement, in summary

Amounts in MSEK	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/15	Full year 2014
Net sales	8	7	14	14	28	28
Operating costs	-5	-4	-9	-7	-23	-21
Operating income	**3**	**3**	**5**	**7**	**5**	**7**
Income from shares in subsidiaries	99	-	99	-	112	13
Income from shares in joint venture	-	-	12	12	12	12
Net foreign exchange rate differences	32	-21	-37	-20	-125	-108
Other financial income and expense	-1	-1	-1	-3	-9	-11
Earnings before tax	**133**	**-19**	**78**	**-4**	**-5**	**-87**
Taxes	-8	5	7	4	24	21
Net income for the period 1)	**125**	**-14**	**85**	**0**	**19**	**-66**

1) *Total Comprehensive income for the Parent Company is the same as Net income/loss for the period.*

Parent Company's balance sheet, in summary

Amounts in MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Shares in subsidiaries	2,415	2,395	2,395
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	27	49	52
Deferred tax assets	28	0	20
Total financial fixed assets	**2,480**	**2,454**	**2,477**
Other current receivables	4	5	1
Short-term receivables from subsidiaries	74	57	63
Cash and cash equivalents	76	85	118
Total current assets	**154**	**147**	**182**
Total assets	**2,634**	**2,601**	**2,659**
Total Shareholders' equity	**1,372**	**1,612**	**1,448**
Pensions and similar obligations	18	19	18
Long-term interest-bearing liabilities	175	175	-
Long-term loans payable to subsidiaries	1,022	0	976
Total long-term liabilities	**1,215**	**194**	**994**
Short-term loans	-	-	175
Short-term loans payable to joint venture	5	5	8
Short-term loans payable to subsidiaries	35	785	28
Other current liabilities	7	5	6
Total current liabilities	**47**	**795**	**217**
Total equity and liabilities	**2,634**	**2,601**	**2,659**

Parent Company's changes in shareholders' equity, in summary

Amounts in MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Opening balance	1,448	1,783	1,783
Net income/loss for the period 1)	85	0	-66
Dividend	-127	-121	-121
Sale of own shares to satisfy LTI 2012 options exercised	8	-	
Buy-back of own shares	-42	-50	-148
Closing balance	**1,372**	**1,612**	**1,448**

1) Total Comprehensive loss/income for the Parent Company is the same as Net loss/income for the period.

Glossary & Definitions

Americas	Americas operating segment comprising the Group's operations in the USA and South America
Capital employed	Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities
Drop-through rate	Year-on-year movement in operating income as a percentage of the year-on-year movement in net sales
EBIT or Operating income	Earnings before interest and tax
EBIT or Operating margin	Operating income as a percentage of net sales
EPS	Earnings per share, net income divided by the average number of shares
Europe & RoW	Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China
Gearing ratio	Ratio of net debt to shareholders' equity
Gross margin	Net sales less cost of goods sold, as a percentage of net sales
Net debt	Total interest-bearing liabilities less liquid finds
Net investments	Fixed asset additions net of fixed asset disposals and retirements
PPE	Property, Plant and Equipment
PPM	Parts Per Million defect rate
OEMs	Original Equipment Manufacturers
R&D	Research and development expenditure
ROCE	Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over a rolling 12 months
ROE	Return on equity; net income as a percentage of the average shareholders' equity over a rolling 12 months
Sales growth, constant currency	Growth rate based on sales restated at prior year foreign exchange rates
Structural growth	Sales growth derived from new business contracts, i.e. not from changes in market demand or replacement business contracts
"Underlying" or "before items affecting comparability"	Adjusted for restructuring costs and other 'one-off' items (including the taxation effects thereon, as appropriate)
Working capital	Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities