

Year-end Report

July 2017-June 2018

Positive ending of 2017/2018

Improved results in all business areas – a strong balance sheet provides room for further growth

Fourth quarter April-June 2018

- Profit after taxes amounted to MSEK 49.6 (12.6). The quarter was unaffected by negative goodwill.
- Net sales amounted to MSEK 789.8 (585.8). The business in Cresco, acquired during the second quarter, contributed MSEK 83.1.
- Operating profit amounted to MSEK 47.7 (22.5), with business area Fibre accounting for MSEK 34.8 (26.6).
- Cash flow from operating activities amounted to MSEK 41.6 (51.5)
- Earnings per share before and after dilution amounted to SEK 1.27 (0.32)
- Agreement to acquire Universal Power Nordic, a leading supplier of diesel engines. Possession taken in July 2018.

Period July 2017-June 2018

- Profit after taxes amounted to MSEK 130.6 (54.3), with negative goodwill from the acquisition of Cresco accounting for MSEK 31 and MSEK 14 from capitalisation of loss carryforwards related to the acquisition.
- Net sales for the financial year amounted to MSEK 2,526.4 (2,021.5).
- Operating profit for the financial year amounted to MSEK 116.2 (83.8), with MSEK 31 thereof being negative goodwill from the acquisition of Cresco.
- Cash flow from operating activities amounting to MSEK 75.7 (112.6).
- Cash and cash equivalents amounted to MSEK 262.2 (295.4) and the Group's net debt amounted to MSEK 11.5 (-25.5). Capital investments burdened cash flow by MSEK 106.0.
- Earnings per share before and after dilution amounted to SEK 3.35 (1.39) for the financial year.
- Equity increased during the financial year by 27 percent, equivalent to SEK 4.87 per share.
- The Board of Directors proposes that no dividend is paid for the 2017/2018 financial year.

In accordance with IFRS rules for reverse acquisitions, business areas Industrial Trading and Other Industry are included in the number above only from February 2017. In the table below the numbers for the 2016/2017 financial year have been restated to include all business areas for the entire period.

Group (MSEK)	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4 Pro forma
Net sales	789.8	585.8	2,526.4	2,239.7
Operating profit/loss	47.7	22.5	116.2	88.6
Profit/loss after tax	49.6	12.6	130.6	54.3

For further information

John Häger, CEO, telephone +46 70 248 72 99.

The information in this year-end report is of the type Duroc AB (publ) is under obligation to publish in accordance with EU's Market Abuse Regulation, EU/596/2014. The information herein was provided for publication at 7:15 a.m., 27 August 2018.

Duroc AB (publ)

Box 612, SE-182 16 Danderyd, SWEDEN Street address: Svärdvägen 5
Telephone: +46 8 789 11 30, Telefax: +46 8 789 11 31
Corporate ID number: 556446-4286

Duroc acquires, manages and develops industrial and trading companies. With deep knowledge of technology and market, the Group's companies strive to achieve a leading position in their respective industries. As owner Duroc contributes actively to the development. Consolidated net sales amounts to approximately MSEK 2,800. The Group has approximately 800 employees. Duroc is listed on Nasdaq Stockholm (symbol: DURC). www.duroc.se

DUROC

CEO's statement

Comparative data refer to pro forma data, including all business areas.

Fourth quarter

The Group developed strongly generating net sales of MSEK 790 (586) and operating profit of MSEK 48 (23). All business areas delivered higher earnings than during the corresponding 2016/17 quarter.

Business area Fibre ended the period with stronger sales of yarns and products for the cultivation industry. These products generate good margins, resulting in a robust quarter for the business area.

Industrial Trading accounts for the greatest improvement of operating profit. Net sales increased by 80 percent to MSEK 134 (74) and operating profit amounted to MSEK 17 (-1.5).

Other Industry generated operating profit of MSEK 3 (0.5).

It has been decided to invest in equipment for producing fibre at the Asota subsidiary in Austria. Aside from adding capacity, the project involves co-operation with the Maastricht University in Holland, the goal of which is to develop and produce biodegradable fibre and fibre from recycled materials. In addition to the immediate additional capacity, the investment is strategic and long-term significant in order to be able to offer the market more environmentally friendly products while expanding the product offerings with new materials. IFG will thereby be an even more attractive partner in business for our different customer categories.

The financial year

A robust ending made for an overall good year for Duroc. Net sales increased by 13 percent to MSEK 2,526 and operating profit grew by 31 percent to MSEK 116. The return on capital employed in the business was good.

Business area Industrial Trading generated the largest relative earnings improvement. Sales increased by 19 percent to MSEK 376 at the same time as costs were reduced by MSEK 7. Operating profit amounted to MSEK 20 (1).

As of financial year-end cash and cash equivalents stood at MSEK 262. In addition, unutilised committed credit facilities were available in an amount of MSEK 100. Net debt were outstanding in an amount of MSEK 11.5. The Group owns a significant portion of the plants where business is conducted. This equity can be utilized to obtain financing. With total equity of MSEK 882, an adjusted* equity ratio of 63 percent and strong cash flow in operations, Duroc is well prepared for further acquisitions and investment in existing operations.

We have been looking closely at several acquisition objects during the year, always with the requirement that they must be able to create value for Duroc's shareholders. In order to achieve this it is vitally important that we are perceived as a serious, long-term and competent owner of acquired businesses – at the same time as our financial position together with our effective decision-making process will enable us to bring transactions to a close safely and without major delays.

*Equity divided by adjusted total capital with cash and cash equivalents reported on a net basis.

During 2017/2018 Duroc acquired both the business in Cresco (Belgium) and engine distributor UPN (Sweden), the latter of which closed in July 2018. These investments were consummated in accordance with the criteria set by the Parent Company's Board of Directors for acquisitions. Our ability to satisfy the various requirements of sellers have been crucial to adding significant value to the Group also in the acquisition process.

After acquisition the long-term role of ownership ensues – management and development of the business, adoption of strategies, investment in production facilities as well as product development. With these efforts we expand upon the long-term value-creating process for the benefit of shareholders as well as other stakeholders in the Group's operations.

In parallel with acquisitions we have continued to invest in our existing businesses to make them even more attractive in their respective markets. Streamlining and improvements have contributed to our earnings performance.

Dividend

The Board of Directors proposes that no dividend be paid for the 2017/2018 financial year. Duroc is still in a pronounced phase of expanding the business and in the opinion of the Board of Directors that the Company's capital can generate a satisfactory return for the shareholders when retained in the Group. In a medium to long-term perspective, however, it is Duroc's intention to pay dividends on a recurring basis in accordance with the previously communicated dividend policy.

Prospects for the future

Demand is expected to continue to be strong in all business areas and for the moment we see no signs of slowdown in our markets.

Acquisitions are still high on the agenda. Our cautious approach to corporate valuations, our strong financial position and our long-term ownership engagement, together with day-to-day management and development of the Group, constitute the basis for creating value for shareholders on a long-term basis and in good times as well as when prospects are not so favourable.

John Häger

Chief Executive Officer

Duroc Group pro forma*

Amounts in MSEK	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2015/2016 Q1-Q4	2015/2016 Q1-Q4	2015/2016 Q1-Q4
Net sales	2,526.4	2,258.4	2,327.7	2,348.7	2,158.7
Other operating income	33.3	3.3	7.5	5.1	12.0
Change in inventories	1.1	-0.1	2.7	-5.5	4.0
Raw materials and consumables	-1,382.3	-1,238.9	-1,324.0	-1,369.9	-1,296.3
Goods for resale	-270.3	-242.5	-212.9	-230.4	-198.0
Other external costs	-195.1	-184.6	-211.2	-200.1	-180.5
Personnel costs	-393.8	-328.0	-332.8	-335.2	-307.1
Other operating costs	-158.6	-129.8	-124.2	-104.0	-93.6
Profit before depreciation and impairment losses	160.7	137.8	132.8	108.7	99.2

* The comparative data in the table (2013/2014 to 2016/2017) have been prepared pro forma with respect to the acquisition of business area Fibre and include all business areas with the exception of the acquired businesses in Cresco and UPN. For 2017/2018 actual outcomes are reported, which means that Cresco is included for 8 months. Formal possession of UPN was not taken until after the end of the financial year and is therefore not included.

Profit is presented before depreciation, amortisation and impairment charges in order to provide an indication of the Group's financial performance. The pro forma statement is thus not intended to provide a detailed picture of the performance trend.

Development of the Group

Fourth quarter

Net sales amounted to MSEK 789.8 (585.8), an increase by 35 percent compared to the same year-ago period. The business in Cresco, acquired 1 November 2017, is included in an amount of MSEK 83.1.

Increased sales in business area Industrial Trading and growing sales volumes and improved margins in Fibre contributed to a strong ending of the 2017/2018 financial year for the Group. Operating profit for the fourth quarter amounted to MSEK 47.7 (22.5). Business Area Industrial Trading accounted for most of the increase, but business area Other Industry also performed well. The increase in business area Fibre is primarily attributable to Cresco.

A recovery of volumes in business area Fibre occurred at the beginning of the third quarter, which together with a more favourable product mix and a positive development in Cresco, strengthened earnings. Order bookings in Industrial Trading were strong. This is reflected in a good order backlog at the end of the quarter.

Both Duroc Rail and Duroc Laser Coating contributed to improved results for business area Other Industry.

The Group's cash flow from operating activities amounted to MSEK 41.6, influenced by increased capital tied up as a result of increased business volume.

Capital investments in the Group amounted to MSEK 5.9.

The increase in the average number of employees during the quarter is attributable to the acquisition of Cresco.

2017/2018 financial year

Net sales amounted to MSEK 2,526.4 (2,239.7) and operating profit was MSEK 116.2 (88.6). Reversal of negative goodwill in the amount of MSEK 31 in connection with the acquisition of Cresco had a positive effect on profit during the second quarter. The Group's net debt amounted to MSEK 11.5 (-25.5) and the Group continues to be financially strong with an equity ratio of 53.0 percent. If cash and cash equivalents and interest-bearing liabilities were reported on a net basis, the equity ratio would be 63.0 percent.

Capital investments were made during the 2017/2018 financial year in the amount of MSEK 106.0, of which MSEK 64.7 refers to the acquisition of the business in Cresco. The remainder mainly refers to increases of capacity in business area Fibre.

Cash flow from operating activities amounted to MSEK 75.7 (112.6) for the financial year, affected by an increase in capital tied up in inventory, to a significant extent in the business in Cresco.

The average number of employees during the 2017/2018 financial year increased by 168 persons. Most of the increase is attributable to the acquired business in Cresco, adjusted for that the number actually declined.

Group (MSEK)	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4 Pro forma
Net sales	789.8	585.8	2,526.4	2,239.7
Operating profit/loss	47.7	22.5	116.2	88.6
Net debt	11.5	-25.5	11.5	-25.5
Average number of employees	769	586	740	572

Data for comparative periods have been compiled pro forma and include all business areas also for the periods before the acquisition of business area Fibre.

The charts below show net sales and operating result by quarter, combined for Fibre, Industrial Trading and Other Industry.

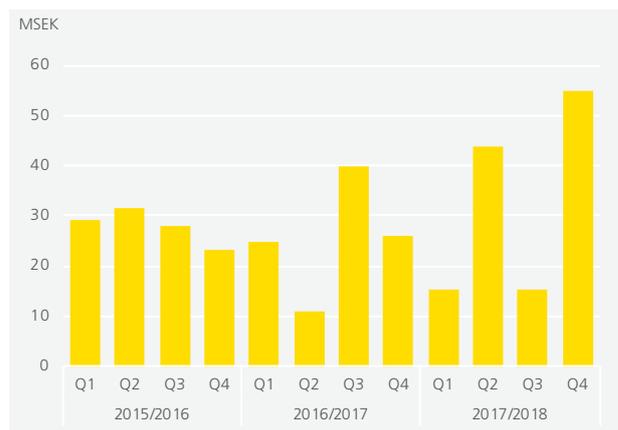
CONSOLIDATED NET SALES

(Converted using the exchange rate at the reporting date)



CONSOLIDATED OPERATING PROFIT

(Converted using the exchange rate at the reporting date)



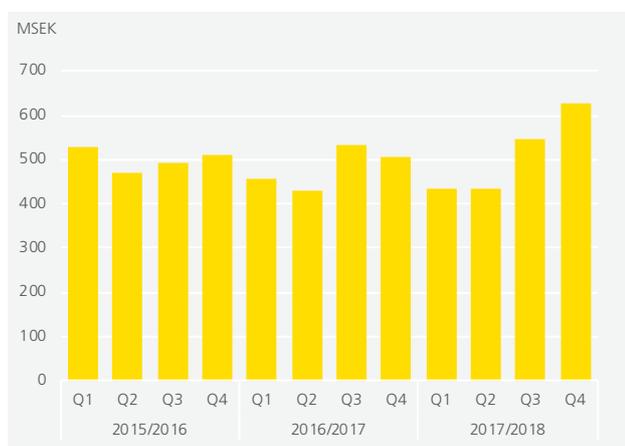
Business area Fibre

- The volume of sales increased by 12 percent. The volume for the quarter was higher than for any other quarter during the 2017/2018 financial year, which contributed to a good ending for the year.
- Net sales during the quarter amounted to MSEK 626.6 (489.5). 17 percent of the increase of 28 percent, or MSEK 83.1, is attributable to the added business in Cresco.
- Operating profit for the quarter increased by 31 percent to MSEK 34.8 (26.6).
- For the 2017/2018 financial year net sales amounted to MSEK 2,040.0 (1,849.8), of which Cresco accounts for MSEK 185.
- The operating profit for the 2017/2018 amounted to MSEK 97.5 (83.9), including reversal of negative goodwill in the amount of MSEK 31.
- The operating profit for the 2017/2018 financial year was burdened by items affecting comparability in a total amount of MSEK 8.5, of which:
 - MSEK 1.8 in measures to improve the work environment,
 - MSEK 1.6 in costs in connection with acquisitions,
 - MSEK 4.1 relating to impairment of accounts receivable.

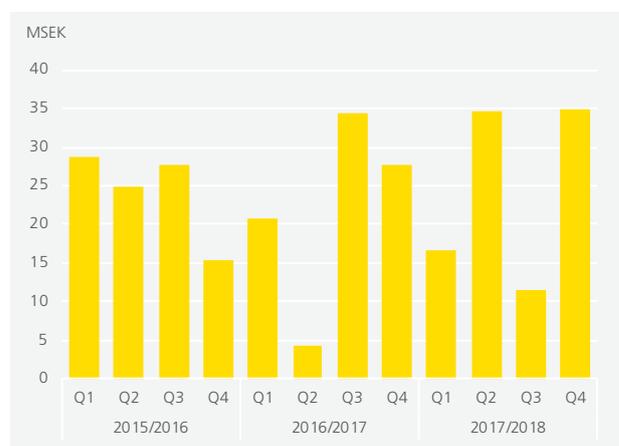
Fibre (MSEK)	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4*	2016/2017 Q1-Q4
Net sales	626.6	489.5	2,040.0	1,849.8
Operating profit/loss	34.8	26.6	97.5	83.9
Average number of employees	664	458	598	458

* Cresco is included from November 2017.

NET SALES BUSINESS AREA FIBRE (Converted using the exchange rate at the reporting date)



OPERATING PROFIT BUSINESS AREA FIBRE (Converted using the exchange rate at the reporting date)



Business Area Industrial Trading

- Order intake in the business area continue to be strong and the closing backlog of orders attest to high sales volumes in machinery sales.
- Net sales for the quarter amounted to MSEK 133.5 (74.0), a significant increase of 80 percent, primarily attributable to strong demand in Finland. The other companies in the business area also increased their sales substantially during the quarter.
- A sharp increase in sales, together with good cost control resulted in significant earnings growth. The operating result for the quarter improved from MSEK -1.5 (2016/2017) to MSEK 17.1.
- During the quarter Duroc agreed to acquire Universal Power Nordic (UPN), a leading supplier of diesel engines for industrial

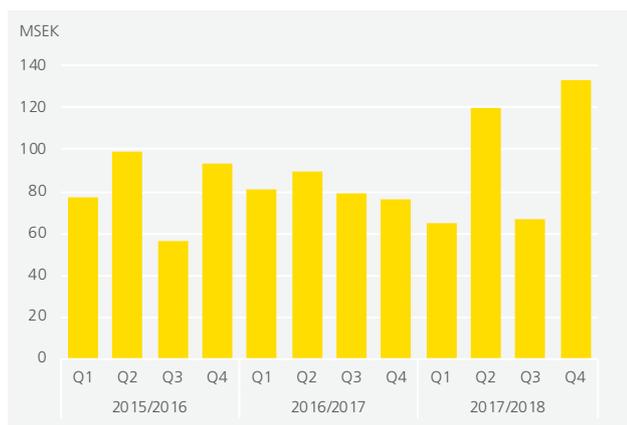
and marine applications, with operations in Sweden and Norway. UPN also offers service, parts and technical support to markets and product offerings include strong brands such as Perkins, Kubota, Kohler and Lombardini. The acquisition was completed in the beginning of July 2018 and UPN is from that point in time a part of the Group and business area Industrial Trading. The purchase price was MSEK 24 and for the period July 2017-June 2018 net sales amounted to MSEK 126 and operating profit to MSEK 4.6. With the acquisition of UPN, Industrial Trading reaches a yearly net sales of approximately MSEK 500.

- For the 2017/2018 financial year net sales amounted to MSEK 375.7 (315.5) and operating profit was MSEK 19.9 (0.9). Despite a negative result in Swedish operations, overall profitability was good.

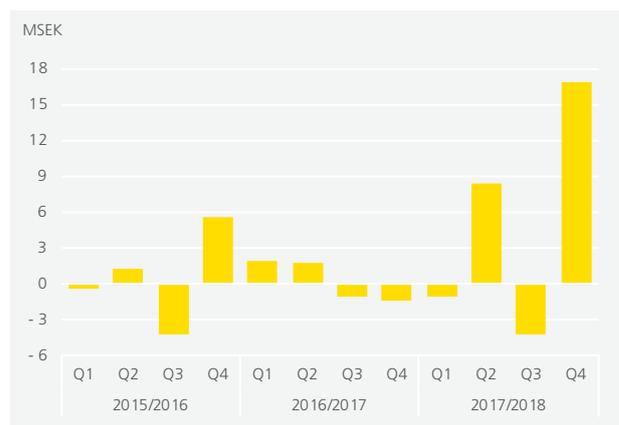
	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4 Pro forma
Industrial Trading (MSEK)				
Net sales	133.5	74.0	375.7	315.5
Operating profit/loss	17.1	-1.5	19.9	0.9
Average number of employees	56	72	64	72

Data for comparative periods have been compiled pro forma and include all business areas also for the periods before the acquisition of business area Fibre, which in accordance with IFRS is reported as a reverse acquisition.

NET SALES BUSINESS AREA INDUSTRIAL TRADING
(Converted using the exchange rate at the reporting date)



OPERATING RESULT BUSINESS AREA INDUSTRIAL TRADING
(Converted using the exchange rate at the reporting date)



Business area Other Industry

- Net sales for the quarter amounted to MSEK 29.9 (24.4), an increase by 23 percent. The snowy and cold winter, which resulted in increased demand for Duroc Rail, had a positive effect also during the fourth quarter, which normally is weaker than the other quarters.
- Sharp improvement of operating profit, which amounted to MSEK 3.1 (0.5), equivalent to an operating margin of 10 percent.

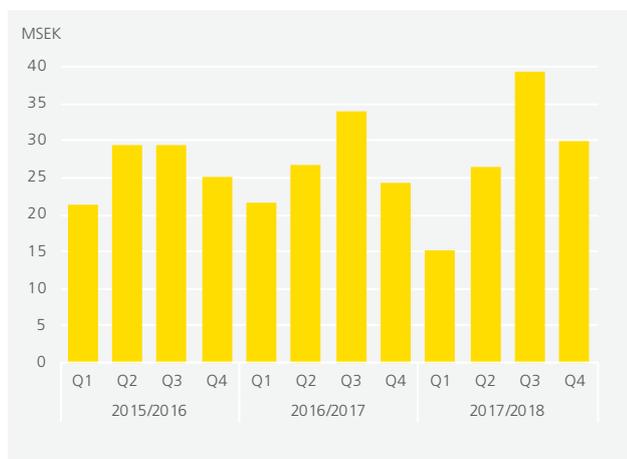
Both Duroc Rail and Duroc Laser Coating show considerably improved earnings and stronger gross margins.

- Good earnings performance also for the 2017/2018 financial year, MSEK 10.0 (3.8), despite unchanged net sales and expenditures of training, maintenance and quality certifications.

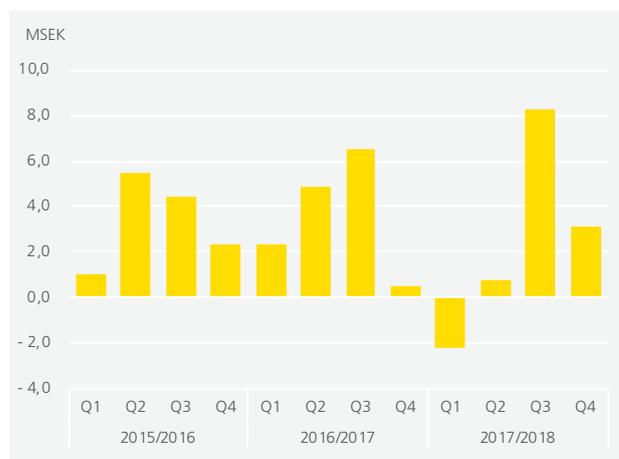
Other Industry (MSEK)	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4 Pro forma
Net sales	29.9	24.4	110.9	110.1
Operating profit/loss	3.1	0.5	10.0	3.8
Average number of employees	46	42	41	42

Data for comparative periods have been compiled pro forma and include all business areas also for the periods before the acquisition of business area Fibre, which in accordance with IFRS is reported as a reverse acquisition.

NET SALES BUSINESS AREA OTHER INDUSTRY
(Converted using the exchange rate at the reporting date)



OPERATING RESULT BUSINESS AREA OTHER INDUSTRY
(Converted using the exchange rate at the reporting date)



Net sales and operating profit for prior years have been adjusted for now discontinued operations.

Financial information

In accordance with IFRS rules for reverse acquisitions, business areas Industrial Trading and Other Industry are included in the data below only from February 2017.

Profit and financial position

Net sales during the quarter amounted to MSEK 789.8 (585.8). The corresponding figure for the 2017/2018 financial year was MSEK 2,526.4 (2,021.5). Profit before taxes amounted to MSEK 49.6 (12.6) for the quarter and MSEK 130.6 (54.3) for the financial year. The result for the financial year, but not for the fourth quarter, includes MSEK 45 from value-creating effects in connection with the acquisition of the business in Cresco. The amount includes tax income emanating from the capitalisation of existing tax loss carryforwards that can be utilised when taxable profit is created in the acquired business. The result includes additional positive effects in the amount of MSEK 13 from deferred taxes when deferred tax liabilities in the United States are recalculated applying the new lower corporate tax rate.

Equity ratio

Consolidated equity amounted to MSEK 882.4 at the end of the financial year (692.4).

The equity ratio stood at 53.0 percent at the end of the period (52.4). If cash and cash equivalents were to be reported net, the adjusted consolidated equity ratio would be 63.0 percent.

Capital expenditures

During the 2017/2018 financial year the Group has invested MSEK 106.0 in corporate acquisitions and increased capacity, primarily in business area Fibre. During the previous year capital expenditures amounted to MSEK 9.0. The effect of the reverse acquisition was that the Group received MSEK 34.1 in liquidity from Duroc. The total cost of the acquisition of Cresco amounts to MSEK 71.5, of which MSEK 64.7 affected cash flow during the 2017/2018 financial year.

Cash flow

Consolidated cash flow from operating activities was MSEK 41.6 during the quarter (51.5). The corresponding figure for the 2017/2018 financial year was MSEK 75.7 (112.6).

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the financial year amounted to MSEK 262.2 (295.4). Interest-bearing liabilities amounted to MSEK 273.7 (213.6) and the Group's net debt stood at MSEK 11.5 (-25.5).

Parent Company

Duroc AB's (publ) primary functions are business development, acquisitions, follow-up of the development in Group companies and financial reporting. Sales consists of internally invoiced services amounting to MSEK 3.6 for the 2017/2018 financial year (7.9). The result after taxes amounted to MSEK -5.2 (-12.6). In addition to shares in Group companies, the Parent Company's assets consist mostly of amounts due from Group companies and bank balances. Duroc's equity ratio stands at 94.1 percent.

Dividend

Against the background of Duroc's continuing expansion plans the Board of Directors makes the assessment that no dividend should be paid for the 2017/2018 financial year. A high level of financial preparedness is of great value at a time when financial tightening is likely to increase. The strategy is to actively seek additional acquisitions.

Personnel

The average number of employees during the 2017/2018 financial year was 769 (586). The average number of employees in the Parent Company is 3 (2) for the same period.

Significant risks and uncertainty factors for the Parent Company and the Group

Duroc AB (publ) and its subsidiaries are through their operations subject to both financial and operative risks, which the companies themselves can affect to a major or lesser degree. There are ongoing processes in the companies to identify existing risks and to determine how they are to be managed. A detailed description of the Parent Company's and the subsidiaries' risks and risk management is provided in Duroc's Annual Report 1 Jan 2017 – 30 June 2017.

Other information

IFG Drake, a company in the Duroc Group, is subject to a work environment investigation in England by reason of the workplace accident that occurred in one of the company's factories in March of 2017. According to the assessment of the company's legal representative, the investigation may lead to the imposition of a fine by the British work environment authority HSE in an amount of between KGBP 600 and KGBP 950.

The date of completion of the investigation is still unknown and the amount of the fine may deviate from the above range, up as well as down.

Duroc is also most preferred creditor in Svartöns Specialstål AB's bankruptcy where the trustee in bankruptcy has sued an insurance company for MSEK 24, not including interest. The counterparty has completely rejected the claim. The dispute is in the Stockholm district court and has not yet been scheduled for the main hearing. In the case of complete success for the bankruptcy estate Duroc can expect an award of between MSEK 15 and 20, but at this point there is insufficient evidence to determine whether this is a probable outcome or not. Duroc has provided security for the bankruptcy administrator's processing, which given the funds already in the estate in bankruptcy is estimated to cover the cost of litigation in lower court as well as in a court of appeals.

Events after the end of the period under review

In July 2018 Duroc completed the acquisition of Universal Power Nordic (UPN) according to plan.

Stockholm, August 27 2018

John Häger
CEO

This report has not been subject to review by the Company's auditors.

Schedule of future information

Annual Report	4 October 2018
Annual General Meeting	8 November 2018
Interim Report July-September 2018	8 November 2018
Interim Report October-December 2018	8 February 2019

Summary Consolidated Income Statement

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
Net sales	789.8	585.8	2,526.4	2,021.5	1,170.3
Other operating income **	0.9	0.3	33.3	1.1	1.1
Change in inventories	2.2	-2.4	1.1	-5.9	-5.9
Raw materials and consumables	-425.7	-216.6	-1,382.3	-1,116.1	-561.3
Goods for resale	-96.9	-65.8	-270.3	-104.4	-104.4
Other external costs	-52.1	-117.4	-195.1	-236.1	-163.5
Personnel costs	-114.9	-99.5	-393.8	-292.6	-175,3*
Depreciation and amortisation of tangible and intangible non-curr	-10.0	-9.3	-44.4	-37.0	-19.8
Other operating costs	-45.4	-52.6	-158.6	-146.7	-80.9
Operating profit/loss	47.7	22.5	116.2	83.8	60.3
Financial income	0.7	4.0	5.6	6.2	4.6
Financial expense	-2.2	-8.5	-9.0	-13.2	-10.1
Net financial items	-1.5	-4.5	-3.4	-7.0	-5.5
Profit before tax	46.2	18.0	112.8	76.8	54.8
Deferred taxes	1.6	-21.5	29.8	-34.7	-21.5
Current taxes	1.8	16.1	-12.0	12.2	4.1
PROFIT FOR THE PERIOD	49.6	12.6	130.6	54.3	37.4
Profit for the period attributable to:					
The Parent Company's equity holders	49.6	12.6	130.6	54.3	37.4
non-controlling interests	-	-	-	-	-
Earnings per share					
Before dilution	1.27	0.32	3.35	1.39	1.01
After dilution	1.27	0.32	3.35	1.39	1.01
Average number of shares outstanding before dilution	39,000,000	39,000,000	39,000,000	39,000,000	37,167,775
Average number of shares outstanding after dilution	39,000,000	39,000,000	39,000,000	39,000,000	37,167,775

*Personnel costs have been reclassified as an effect of an amended performance monitoring principle.

**Other operating income for the period Q1-Q4 2017/2018 includes reversal of negative goodwill in an amount of MSEK 30.6.

Consolidated Report of Comprehensive Result

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
PROFIT FOR THE PERIOD	49.6	12.6	130.6	54.3	37.4
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	19.1	-10.1	40.0	3.3	-13.1
Hedge accounting (net)	0.3	-0.2	1.0	-0.3	-0.3
Items that will not be reclassified to the income statement					
Actuarial gains and losses(net)	11.5	50.3	18.5	45.4	50.7
Total other comprehensive income	30.9	40.0	59.5	48.4	37.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	80.5	52.6	190.1	102.7	74.7
Total comprehensive income for the period attributable to:					
The Parent company's equity holders	80.5	52.6	190.1	102.7	74.7
non-controlling interests	-	-	-	-	-

Summary Consolidated Balance Sheet

Amounts in MSEK	2018-06-30	2017-06-30
ASSETS		
Non-current assets		
Intangible assets	83.1	79.2
Property plant and equipment	433.4	362.9
Long-term securities holdings	9.4	8.8
Long-term receivables	-	2.3
Deferred tax assets	58.1	49.5
Total non-current assets	584.0	502.7
Current assets		
Inventories	353.9	168.9
Advance payments to suppliers	0.9	1.5
Trade receivables	421.5	314.4
Prepaid expenses and accrued income	13.2	12.9
Current tax assets	0.5	5.2
Other receivables	26.0	19.8
Cash and cash equivalents	262.2	295.4
Total current assets	1,078.2	818.1
Total assets	1,662.2	1,320.8
EQUITY AND LIABILITIES		
Equity		
Share capital	39.0	39.0
Other capital provided	260.5	260.5
Reserves	104.6	63.6
Retained earnings including profit for the year	478.3	329.3
Equity attributable to owners of the parent	882.4	692.4
Total equity	882.4	692.4
Long-term liabilities		
Non-current interest-bearing liabilities	93.9	56.4
Provision for guarantees	2.0	1.8
Provision for pensions	42.6	58.4
Deferred tax liabilities	39.9	38.8
Other provisions	26.6	1.4
Total non-current liabilities	205.0	156.8
Current liabilities		
Current interest-bearing liabilities	179.8	157.2
Advance payments from customers	28.2	15.1
Trade payables	251.6	157.0
Current tax liabilities	3.8	4.8
Other liabilities	55.9	79.1
Accrued expenses and prepaid income	55.5	58.4
Total current liabilities	574.8	471.6
Total liabilities	779.8	628.4
TOTAL EQUITY AND LIABILITIES	1,662.2	1,320.8

Summary of Changes in Consolidated Equity

Amounts in MSEK	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
Opening balance	692.4	410.5	434.5
Profit for the period	130.6	54.3	37.4
Translation differences	40.0	3.3	-13.1
Actuarial gains and losses (net)	18.5	45.4	50.7
Hedge accounting (net)	1.0	-0.3	-0.3
Non-cash issue	-	183.2	183.2
Dividend	-	-4.0	-
Closing balance	882.4	692.4	692.4

Summary Consolidated Statement of Cash Flow

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
OPERATING ACTIVITIES					
Profite before taxes	46.2	18.0	112.8	76.8	54.8
Adjustment for items not included in cash flow	16.3	4.6	13.4	23.1	15.3
Income tax paid	-5.1	1.5	-13.3	-11.6	0.8
Cash flow from operating activities before changes in working capital	57.5	24.1	112.9	88.3	70.9
Changes in working capital	-15.9	27.3	-37.2	24.2	36.2
Cash flow from operating activities	41.6	51.5	75.7	112.6	107.1
Cash flow from acquisitions	-	-	-64.7	34.1	34.1
Cash flow from other investment activities	-5.9	-15.9	-41.3	-43.1	-19.1
Cash flow from investment activities	-5.9	-15.9	-106.0	-9.0	15.0
Cash flow from financing activities (not including dividend)	5.3	70.3	-23.2	59.9	63.0
Dividend	-	-	-	-4.0	-
Cash flow from financing activities	5.3	70.3	-23.2	55.9	63.0
Cash flow for the period	41.0	105.9	-53.5	159.5	185.1
Cash and equivalents at beginning of period	212.6	191.5	295.4	136.2	112.4
Transaltion difference in cash and cash equivalents	8.6	-2.1	20.3	-0.3	-2.1
Cash and equivalents at end of period	262.2	295.4	262.2	295.4	295.4

Summary Consolidated Income Statement

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
Net sales	0.9	2.0	3.6	7.9	4.0
Other external costs	-2.7	-2.8	-8.2	-8.3	-3.6
Personnel costs	-2.1	-1.7	-6.4	-6.0	-2.7
Depreciation and amortisation	-	-	-0.2	-	-
Operating result	-3.9	-2.5	-11.2	-6.4	-2.3
Result from shares in group companies	-	-	-	-	-
Financial income	0.2	0.3	0.9	1.0	0.5
Financial expense	-0.1	-0.1	-0.4	-0.4	-0.2
Net finance items	0.1	0.2	0.5	0.6	0.3
Group contributions received/rendered	6.3	-7.9	6.3	-7.9	-7.9
Result before taxes	2.5	-10.2	-4.4	-13.7	-9.9
Income tax	-1.6	0.3	-0.8	1.1	0.2
RESULT AFTER TAXES	0.9	-9.9	-5.2	-12.6	-9.7

Summary Report of Parent Company Comprehensive Result

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
RESULT FOR THE PERIOD	0.9	-9.9	-5.2	-12.6	-9.7
Other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	0.9	-9.9	-5.2	-12.6	-9.7

Summary Parent Company Balance Sheet

Amounts in MSEK	2018-06-30	2017-06-30
ASSETS		
Non current assets		
Other intangible assets	0.9	-
Shares in group companies	856.5	856.5
Other equity	0.4	-
Deferred tax asset	23.9	24.8
Total non-current assets	881.7	881.3
Current assets		
Receivables group companies	31.9	35.7
Prepaid expenses and accrued income	0.4	0.5
Other receivables	1.2	0.7
Cash and cash equivalents	36.3	11.8
Total current assets	69.8	48.7
TOTAL ASSETS	951.5	930.0
EQUITY AND LIABILITIES		
Equity		
Restricted equity	40.1	40.1
Unrestricted equity	855.2	860.4
Total equity	895.3	900.5
Current liabilities		
Liabilities to credit institutions	4.3	7.1
Trade payables	0.3	-
Payables group companies	46.5	20.9
Other liabilities	-	0.3
Accrued expenses and prepaid income	5.1	1.2
Total current liabilities	56.2	29.5
Total liabilities	56.2	29.5
TOTAL EQUITY AND LIABILITIES	951.5	930.0

Notes

Note 1. Accounting policies

Duroc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations (IFRIC) issued by the International Accounting Standards Board (IASB) as approved by the European Union (EU). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. For the Parent Company, RFR 2 Accounting for Legal Entities is also applied.

Accounting and valuation principles are unchanged compared to the 2016/2017 annual report.

New accounting standards 2018 and 2019

IFRS 15 Revenue from Contracts with Customers

IFRS 15 deals with the accounting treatment of revenue from contracts and the sale of certain non-financial assets. The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations and must be applied for the financial year beginning in 2018. The majority, more than 80 percent, of the Duroc Group's revenue is attributable to business area Fibre, a producer of goods in the form of synthetic fibre and yarns. Business area Industrial Trading offers production solutions by delivering machine tools, service and support, while Other Industry delivers maintenance of railroad wheels and expertise in the field of laser welding. Performance commitments are met mainly at a specific point in time. The existence of variable compensation is limited and the transaction price is essentially separated between specific performance commitments already today. According to IFRS 15, revenue is recognized when control over the product is transferred to the customer, while previous standards were based on risks and opportunities, something that could affect the timing of when in time revenue recognition occurs.

Analysis performed of the effects of the new standard on the Group's revenue recognition completed by Duroc during the fourth quarter, and which has been performed for each respective business area, confirms the previously preliminary conclusion that the transition to IFRS will not entail significant effects on the financial position or reported result of the Duroc Group.

IFRS 9 Financial instruments

IFRS 9 is applied from the financial year beginning in 2018 and replaces IAS 39 Financial Instruments: Recognition and measurement. The new standard primarily affects Duroc in the manner of recording bad debts. Most of the accounts receivables in business area Fibre are insured, which means that the effects of the new standard will be limited. The occurrence of bad debts is very small also in the other business areas. Hedge accounting is applied to a minimal extent. IFRS 9 is not expected to affect Duroc in this respect.

IFRS 16 Leases

IFRS 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and replaces IAS 17 Leases and IFRIC 4 - Determining whether an arrangement contains a lease. The new standard provides that a lessee must recognize all contracts that meet the definition of a lease (with certain exceptions) as assets and liabilities in the report of financial position. The operating cost, equivalent to the period's leasing fee reported for operating leases, will also be replaced by depreciation and interest expense in the income statement.

In the Duroc Group there are leases for, among other things, premises and machinery. The new standard will primarily affect the financial reports in the following way: Improved operating profit, increased balance sheet total and reclassification of cash flow from operating activities to financing activities. Duroc has not yet fully evaluated the effects on amounts that transition to the new standard will have.

Alternative key performance indicators

In order to facilitate comparison between different periods and follow-up of the development of the Duroc Group and its business areas, certain financial information not defined in IFRS, so-called alternative key performance indicators, are presented. These should be regarded as a complement to the financial information. Definitions of the alternative key performance indicators used are found in conjunction with where they are used or at the end of this report.

Rounding

Unless otherwise evident, amounts are stated in million kronor (MSEK) with one decimal. Rounding may occur in tables and statements, the result of which can be that a total amount given is not always the exact amount of the rounded component amounts.

Acquisitions

Cresco

The formal takeover of the assets of Bonar Agro took place on 1 November 2017. The business is conducted in the newly formed company Cresco NV as a part of Business Area Fibre. The acquisition complements Duroc's business in textile fibres, both in terms of product offerings and sales channels. Existing infrastructure can also be utilised to support sales and development to the cultivation industry in, for example, North America. Since the assets in this acquisition were acquired on what is believed to be favourable terms, primarily with respect to inventories, negative goodwill recognized as other income arose according to current accounting rules. As the acquired inventory has been realized, cash flow has been generated within the Group, largely during the financial year under review. Since there are significant tax loss carryforwards in the Belgian operations which have been utilized, these flows are not charged with any tax. Since acquired, Cresco has contributed MSEK 185 in net sales and an operating profit of MSEK 12. The acquisition analysis below is preliminary and will be confirmed within one year from the date of acquisition.

Preliminary acquisition analysis

Amounts in MSEK	
Total purchase price	71.5
Cash settled purchase price *	71.5
Total acquisition value	71.5
Fair value of acquired net assets	102.1
Negative goodwill	-30.6
Assets and liabilities arising from the acquisition are as follows	
Land	34.9
Buildings	15.0
Property plant and equipment	2.2
Inventories	102.7
Provisions	-33.0
Pension provisions	-3.8
Deferred tax liability **	-15.8
Fair value of net assets	102.1

* Of which MSEK 6.7 affects consolidated cash flow during the 2016/2017 financial year.

** This tax liability should be regarded as hypothetical since the Group in Belgium has relevant loss carryforwards in the approximate amount of MSEK 800. In accordance herewith the net value of the acquired assets could have been recognized in an amount higher by MSEK 16.

Universal Power Nordic (UPN)

In July 2018 Duroc acquired the business in Universal Power Nordic (UPN), a leading supplier of diesel engines intended for industrial and marine applications. UPN, with 40 employees in Sweden and Norway, also offers service, spare parts and technical support. Product offerings include strong brands such as Perkins, Kubota, Kohler and Lombardini. The preliminary purchase price amounted to MSEK 23.7 and the acquisition was consummated via the wholly owned subsidiary Duroc Machine Tool Holding AB. Goodwill arises in the preliminary acquisition analysis in the amount of MSEK 3.2, primarily attributable to growth and the company's business model. UPN is consolidated in the Duroc Group from July 1 2018. For the period July 2017-June 2018 net sales in the company amounted to MSEK 126 and operating income was MSEK 4.6. Acquisition-related transaction costs amount to MSEK 0.3.

Preliminary acquisition analysis

Amounts in MSEK	
Total purchase price	23.7
Cash settled purchase price	23.7
Total acquisition value	23.7
Fair value of acquired net assets	20.5
Goodwill	3.2
Assets and liabilities arising from the acquisition are as follows	
Customer relations	1.0
Other intangible assets	2.5
Tangible assets	1.0
Inventories	20.9
Current assets	6.6
Cash and cash equivalents	2.3
Deferred tax liability	-0.2
Current liabilities	-13.5
Fair value of net assets	20.5

Note 2. Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief decision maker. The Board of Directors and the Chief Executive Officer is the Group's chief decision maker and evaluates the Group's financial position and performance and makes strategic decisions. Management has determined the operating segments based on the information dealt with by the Board of Directors and the Chief Executive Officer and which is used as a basis for distributing resources and evaluate results.

Three reportable segments have been identified based on this reporting, Fibre, Industrial Trading and Other Industry. Industrial Trading and Other Industry are deemed to have been added in their entirety as a consequence of the reverse acquisition. For this reason, the financial information for these segments is presented from the time of acquisition only.

Amounts in MSEK	2017/2018 Q4	2016/2017 Q4	2017/2018 Q1-Q4	2016/2017 Q1-Q4	2017 JAN-JUN
Net sales					
Fibre	626.6	489.5	2,040.0	1,849.8	999.5
Of which external	626.6	489.5	2,040.0	1,849.8	999.5
Of which internal	-	-	-	-	-
Industrial trading	133.5	39.0	375.7	113.8	113.8
Of which external	133.5	39.0	375.7	113.8	113.8
Of which internal	-	-	-	-	-
Other industry	29.9	24.4	110.9	58.0	58.0
Of which external	29.9	24.4	110.9	58.0	58.0
Of which internal	-	-	-	-	-
Group-wide functions	0.9	0.2	3.6	4.8	-1.0
Eliminations	-0.9	-	-3.7	-4.9	-
Total net revenue	789.8	553.1	2,526.4	2,021.5	1,170.3
Operating profit					
Fibre	34.8	26.6	97.5	83.9	60.4
Industrial trading	17.1	-1.7	19.9	0.9	-2.6
Other industry	3.1	0.5	10.0	3.8	2.5
Group-wide functions	-3.9	-2.9	-11.2	-4.8	-
Eliminations	-3.4	-	-	-	-
Total operating profit	47.7	22.5	116.2	83.8	60.3
Net finance items	-1.5	-4.5	-3.4	-7.0	-5.5
Profit before taxes	46.2	18.0	112.8	76.8	54.8
Operating margin					
Fibre	5.6%	5.4%	4.8%	4.5%	6.0%
Industrial trading	12.8%	-4.4%	5.3%	0.8%	-2.3%
Other industry	10.4%	2.0%	9.0%	6.6%	4.3%
Total	6.0%	4.1%	4.6%	4.1%	5.1%

Note 4. Fair value of financial instruments

There were no transfers between levels or valuation categories during the period. The fair value of the Group's other financial assets and liabilities is estimated to equal their carrying values.

Note 5. Transactions with closely related parties

During the first quarter Duroc sold machinery and tools valued at MSEK 0.1 to closely related parties on market terms and conditions.

DEFINITION OF KEY FINANCIAL INDICATORS

Equity	Sum total of share capital, reserves and retained earnings at year-end including profit for the year.
Equity ratio	Equity divided by the balance sheet total.
Adjusted equity ratio	Equity divided by adjusted total capital with cash and cash equivalents and interest-bearing liabilities reported net.
Earnings per share	Result after taxes divided by the average number of shares outstanding.
ROCE	Result after net finance items, plus finance costs, in percent of average capital employed.
Capital employed	Equity plus interest-bearing liabilities.
+Net debt/Net cash and cash equivalents	Interest-bearing liabilities, less cash and cash equivalents.