INTERIM REPORT
JULY 2018-DECEMBER 2018

CONTINUED GOOD GROWTH

The acquisitions contribute positively

Second quarter October-December 2018

- Net sales amounted to MSEK 716.8 (573.9)
- EBITDA amounted to MSEK 33.7 (53.0, of which MSEK 31 attributable to negative goodwill)
- Operating profit amounted to MSEK 21.2 (41.6)
- Acquisitions not included in the comparative period contributed with an increase of MSEK 74.2 to net sales and MSEK 9.3 to operating profit
- Cash flow from operating activities amounted to MSEK 40.1 (-4.4)
- Profit after taxes amounted to MSEK 14.6 (64,8, of which MSEK 45 attributable to negative goodwill and positive effects of deferred taxes)
- Earnings per share before and after dilution amounted to SEK 0.37 (1.66)
- In December it was agreed to acquire Herber Engineering

First six months July-December 2018

- Net sales amounted to MSEK 1,421.2 (1,083.4)
- EBITDA amounted to MSEK 62.2 (76.9, of which MSEK 31 attributable to negative goodwill)
- Operating profit amounted to MSEK 36.7 (53.9)
- Acquisitions not included in the comparative period contributed with an increase of MSEK 169.5 to net sales and MSEK 17.5 to operating profit
- Cash flow from operating activities amounted to MSEK 13.0 (-13.3)
- Profit after taxes amounted to MSEK 24.6 (70.4, of which MSEK 45 attributable to negative goodwill and positive effects of deferred taxes)
- Earnings per share before and after dilution amounted to SEK 0.63 (1.81)
- Cash and cash equivalents amounted to MSEK 202.1 (180.9) and the Group's net debt amounted to MSEK 44.1 (10.6), affected by acquisitions and investments in existing operations

Group (MSEK)	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2018/2019 R12 DEC	2017/2018 JUL-JUN
Net sales	716.8	573.9	1,421.2	1,083.4	2,864.2	2,526.4
EBITDA	33.7	53.0	62.2	76.9	145.9	160.6
Operating profit/loss	21.2	41.6	36.7	53.9	99.0	116.2
Profit/loss after tax	14.6	64.8	24.6	70.4	84.8	130.6

For further information, contact

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

The information in this interim report is such that Duroc AB (publ) is obliged 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., 8 February 2018.

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Corporate ID number: 556446-4286

The Duroc Group 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 sales amount to approximately MSEK 2,800. The Group has approximately 800 employees. Duroc is listed on NASDAQ OMX Stockholm (symbol: DURC). www.duroc.se

DUROC

CEO STATEMENT

Second quarter

The Duroc Group grew by 25 percent in the second quarter of its financial year compared to the equivalent year-ago period. More than half of the increase is due to acquisitions and the remainder is organic growth.

Operating profit amounted to MSEK 21 (42, of which MSEK 31 is attributable to negative goodwill arising from the acquisition of Cresco).

All business areas grew during the quarter and the underlying operating profit improved in all three business areas.

In Fibre, Cresco showed a positive development, both in terms of sales and profitability. Under Duroc's ownership Cresco has progressed from a negative result last year to a profit of MSEK 7 for the quarter.

During the normally slowest period of the year, sales of staple fibre and yarns in the United States grew, while sales of staple fibre in Europe was lower. Car sales declined in China and elsewhere and several auto makers announced production cutbacks. Demand from the automotive industry, a major user of staple fibre, is therefore lower than normal. Demand was also lower in the geotextile segment during the quarter. The new situation affects the staple fibre companies in Europe. They need to adapt to the state of the current market. A Europe manager has been appointed, charged with the main task of implementing the necessary changes.

Rising U.S. raw material prices also affected profitability negatively during the period. But towards the end of the quarter raw material prices began to decline, resulting in rising earnings for the single largest company in the business area.

In industrial trading the acquisition of UPN contributed to the growth. Operating profit in the existing DMT machinery trading business was sharply higher because of higher margins and lower costs. Major improvements were recorded especially in Sweden and Denmark, where targeted efforts in sales and the effects of cost-reducing activities now perform in line with expectations. In December a contract was signed to acquire the Swedish company Herber Engineering AB with its machinery for advanced tube bending. The company has sales of approximately MSEK 50 on an annual basis and the transaction is planned to close in April 2019. The changes in the business area are strategically important for Duroc. Profits have grown substantially during the year and we have made a couple of acquisitions. The ambition going forward is to continue building a well-performing unit with companies that complement each other. More weight in Industrial Trading and Other Industry will make for a better balance in Duroc's holdings.

Other industry grew by more than 50 percent, with simultaneous improvements in profitability. Duroc Rail, which accounts for approximately 90 percent of sales, is behind the positive development in the business area.

First six months

Duroc grew at a rapid pace during the first half of the financial year. Most of the subsidiaries performed well. Market demand for the products and services offered by Duroc was strong for the most part, the exception being staple fibre from the European companies.

The improvement work and acquisitions in Industrial Trading have increased sales as well as profitability. Other Industry increased sales and increased profit substantially. Greater customer confidence in combination with cost efficiency explain the improvement. Duroc Laser Coating moved to new premises and commissioned new production equipment to be able to sharpen the offer to its customers. Additional acquisitions were announced toward the end of 2018 and we are pleased to note that the acquisitions made during 2017 and 2018 so far have met our expectations.

At the Parent Company we have strengthened our resources in M&A. We have a strong balance sheet with low net debt and there is a steady flow of potential takeover candidates in the market. There are in other words good opportunities to continue the build-up of Duroc.

John Häger
Chief Executive Officer

THE GROUP'S DEVELOPMENT

The Duroc Group consists of business areas Fibre, Industrial Trading and Other Industry. Acquired Cresco and Universal Power (UPN) are included in the Group since November 2017 and July 2018, respectively and in the comparative data from these points in time.

Second quarter

Net sales amounted to MSEK 716.8 (573.9), an increase by 25 percent compared to the equivalent period of the previous financial year. MSEK 74.2 of the increase in sales was attributable to Cresco and UPN.

The Group's consolidated operating profit amounted to MSEK 21.2 (41,6, of which MSEK 31 was attributable to negative goodwill emanating from the acquisition of Cresco).

Sales increased in all business areas. In Fibre sales increased in Cresco and in the United States. Volumes in staple fibre declined in Europe, mainly related to lower production in the automotive industry, but also due to fiercer competition in geotextiles. However, the business area generated improved results (adjusted for negative goodwill in the amount of MSEK 31) attributable to good profitability in Cresco.

In Industrial Trading the acquisition of UPN accounted for an increase in sales of 26 percent. The business area delivered strong earnings due to an improved gross margin and lower costs in Duroc Machine Tool.

In Other Industry sales increased as Duroc Rail had a strong start of the season. Increased sales together with effective cost control led to a sharp increase in operating profit.

Cash flow from operating activities amounted to MSEK 40.1 (–4,4).

First six months

Net sales amounted to MSEK 1,421.1 (1,083.4), MSEK 169.5 of which from the acquired businesses, Cresco and UPN.

The operating profit amounted to MSEK 36.7 (53.9, of which MSEK 31 is attributable to negative goodwill from the acquisition of Cresco).

The first six months of the financial year was affected by strong development in business areas Industrial Trading and Other Industry. In Fibre the business in Cresco continues to contribute to strong earnings, while the other operations suffered volume losses.

Consolidated cash flow from operating activities amounted to MSEK 13.0 (–13.3) affected by larger inventories in business area Fibre and building working capital in UPN.

The Group invested MSEK 21.3 during the first six months of the financial year in the acquisition of UPN and an additional MSEK 20.3 in an increase of capacity, primarily in business area Fibre.

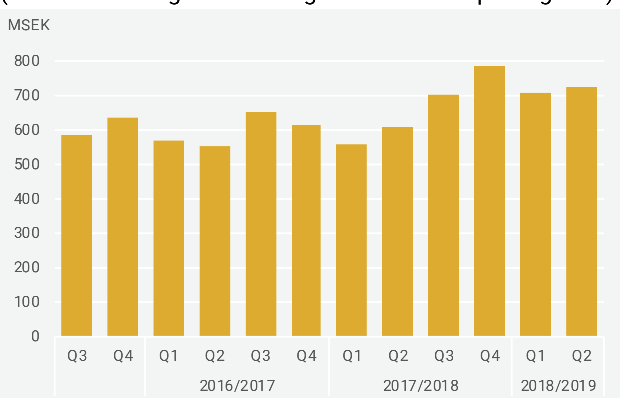
The Groups net debt amounted to MSEK 44.1 (10.6). The equity ratio stood at 56.0 percent (53,5). If cash and cash equivalents were to be reported net, the Group's adjusted equity ratio would be 64.1 percent (61.3).

The average number of employees increased to 823 (653), with about 150 attributable to acquired UPN and Cresco.

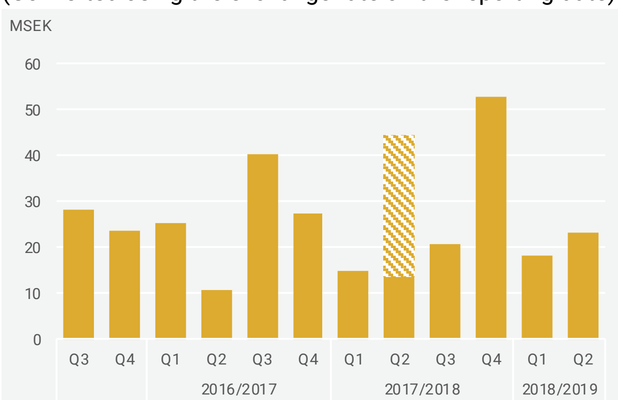
Group (MSEK)	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2018/2019 R12 DEC	2017/2018 JUL-JUN
Net sales	716.8	573.9	1,421.2	1,083.4	2,864.2	2,526.4
EBITDA	33.7	53.0	62.2	76.9	145.9	160.6
Operating profit/loss	21.2	41.6	36.7	53.9	99.0	116.2
Net debt	44.1	10.6	44.1	10.6	44.1	11.5
Average number of employees	830	715	823	653	807	740

The bar charts below show sales and operating profit by quarter totalled for Fibre, Industrial Trading and Other Industry.

CONSOLIDATED SALES
(Converted using the exchange rate on the reporting date)



CONSOLIDATED OPERATING PROFIT
(Converted using the exchange rate on the reporting date)



Operating profit Q2 2017/2018 includes MSEK 31 from negative goodwill.

BUSINESS AREA FIBRE

Business area fibre consists of International Fibres Group (IFG). IFG produces polypropylene-based staple fibre and yarns, and also fibre-based textiles for professional growers. Cresco, which was acquired during the previous financial year, is included in the comparative data from November 2017.

Second quarter

Net sales amounted to MSEK 530.9 (431.8), an increase by 23 percent. Cresco, which was not included for the entire comparative period, continues to increase its sales to the cultivation industry and accounted for MSEK 36.7 of the increase.

The rest of the increase is mainly attributable to the U.S. operations. In Europe volumes in staple fibre have declined. But increased raw material prices have had the effect that sales have not declined at the same rate as volumes[1] and towards the end of the quarter raw material prices stared to drop. Lower production in the automotive industry lingers and the competitive situation in geotextile continues to have a negative effect on volumes. Action to lower costs have been initiated.

The operating profit amounted to MSEK 5.6 (34.7, MSEK 31 of which is attributable to negative goodwill from the acquisition of Cresco).

Cresco contributed with good profitability and improved its profit considerably. Profit in the second quarter is normally low and was also negatively affected by lower volumes in staple fibre and higher raw material prices affecting the margins on yarns in the United States.

First six months

Net sales amounted to MSEK 1,087.4 (866.2), an increase by 26 percent, of which MSEK 105.9 is attributable to Cresco, acquired in November 2017. Sales during the first six months of the 2018/2019 financial year was also positively affected by changes in foreign exchange rates and increased sales in the United States. Lower volumes of staple fibre in Europe during both quarters is primarily seen in the profitability as increased raw material prices bumped sales[1].

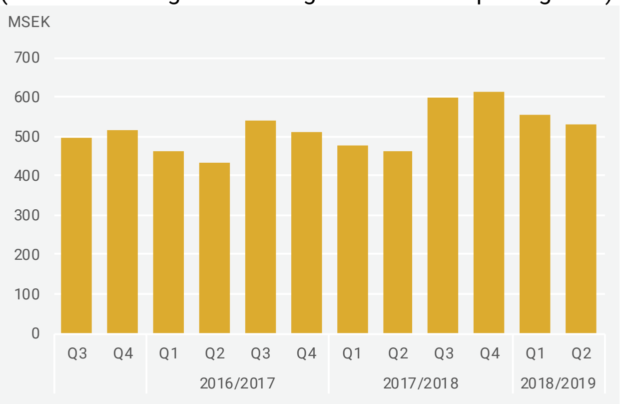
Operating profit amounted to MSEK 15.8 (51.4, of which MSEK 31 is attributable to negative goodwill from the acquisition of Cresco). Profit, adjusted for negative goodwill, declined somewhat. In addition to effects from the staple fibre operations, yarn operations in the United States also had a negative effect. Its profitability declined as raw material prices increased.

[1] During the past year raw material prices in business area Fibre have increased. The pricing mechanisms in customer contracts have the effect that staple fibre sales increased in lock-step with these price increases. The gross profit is not affected, however.

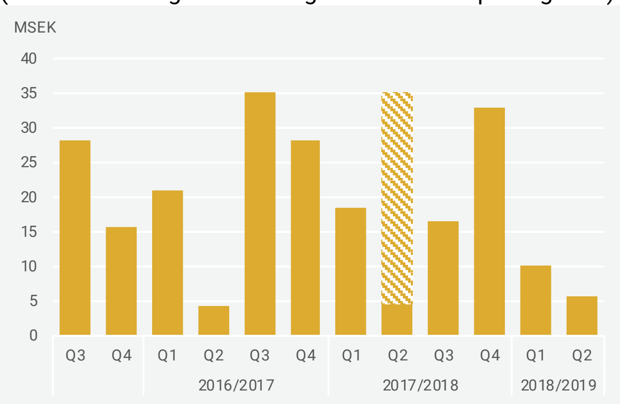
Fibre (MSEK)	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2018/2019 R12 DEC*	2017/2018 JUL-JUN*
Net sales	530.9	431.8	1,087.4	866.2	2,261.2	2,040.0
EBITDA	16.2	44.3	37.2	70.3	101.1	134.2
Operating profit/loss	5.6	34.7	15.8	51.4	61.9	97.5
Average number of employees	672	597	670	534	669	598

* Cresco is included from November 2017.

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



OPERATING PROFIT BUSINESS ARE FIBRE
(Converted using the exchange rate on the reporting date)



Operating profit Q2 2017/2018 includes MSEK 31 from negative goodwill.

BUSINESS AREA INDUSTRIAL TRADING

In business area Industrial Trading Duroc Machine Tool (DMT) trades in machine tools and offers automation solutions, tools, service and support for the engineering industry. Universal Power (UPN) supplies diesel engines for industrial and marine use and related spare parts, service and repairs. UPN is part of the business area from July 2018 and is therefore not included in the comparative data.

Second quarter

Net sales amounted to MSEK 146.0 (115.7), which meant growth of 26 percent. UPN contributed MSEK 37.5.

The business area's profit continued to be strong, MSEK 12.1 (8.1). Duroc Machine Tool generated improved operating profit, MSEK 1.9, despite lower sales. An improved gross margin and lower costs meant that the operating margin was 8.3 percent (7.0).

Order bookings recovered during the second quarter and demand for machine tools and consumables continue to be generally good.

In December 2018 an agreement was signed to acquire Herber Engineering AB, a manufacturer of advanced tube bending machinery (electric and hydraulic). The company has approximately 20 employees and sales of approximately MSEK 50. With Herber, Industrial Trading will have annual sales of about MSEK 550. The transaction is planned to close in April 2019.

First six months

Net sales during the first six months of the financial year amounted to MSEK 279.5 (175.6), for an increase over the year before of 59 percent. So far this year UPN has contributed MSEK 63.6.

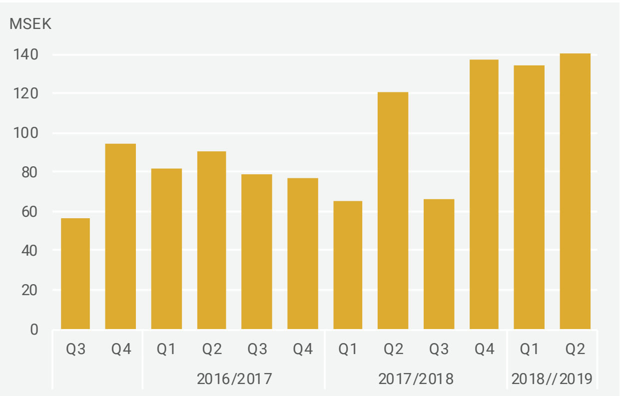
The increase in sales in Duroc Machine Tool, 23 percent, was primarily attributable to sales in Denmark, Sweden and Estonia.

The operating profit amounted to MSEK 21.2 (7.0). Duroc Machine Tool Improved its profit by MSEK 11.7. The improved operating margin, 7.6 percent (4.0) is related to revenue growth as well as the effects of cost-reducing activities.

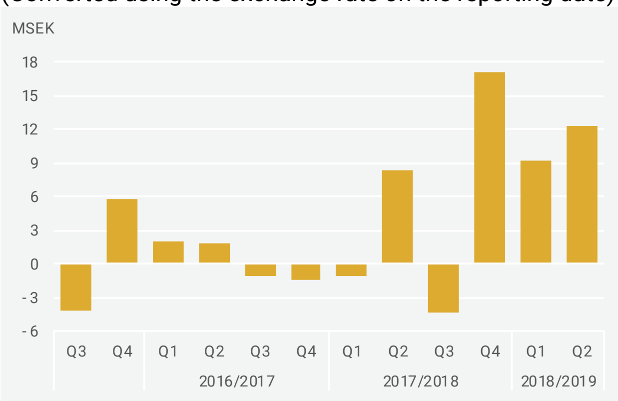
Industrial Trading (MSEK)	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2018/2019 R12 DEC	2017/2018 JUL-JUN
Net sales	146.0	115.7	279.5	175.6	479.6	375.7
EBITDA	12.8	8.5	22.7	7.8	36.4	21.6
Operating profit/loss	12.1	8.1	21.2	7.0	34.1	19.9
Average number of employees	103	75	101	75	86	64

The bar charts below show the development of business area Industrial Trading. Comparative data up to February 2017 are reported pro forma for the acquisition of IFG, which was reported as a reverse acquisition.

BUSINESS AREA INDUSTRILA TRADING SALES
(Converted using the exchange rate on the reporting date)



BUSINESS AREA INDUSTRIAL TRADING OPERATING PROFIT
(Converted using the exchange rate on the reporting date)



BUSINESS AREA OTHER INDUSTRY

Business area Other Industry consists of Duroc Rail and Duroc Laser Coating (DLC). Duroc Rail delivers qualified maintenance of railway wheels for locomotives and wagons. DLC offers renovation and new manufacturing of industrial components based on laser surface treatment technology.

Second quarter

Net sales amounted to MSEK 39.9 (26.4), an increase by 51 percent compared to year before.

Duroc Rail, which accounts for close to 90 percent of the business area's sales, had a strong quarter in accordance with expectations. Great demand for maintenance had the effect of getting the season started earlier last year. The order backlog continues to be high as a consequence of an increased inflow of new wheels.

The operating profit was MSEK 5.2 (0.8), a significant improvement compared to the equivalent year-ago quarter. The operating margin improved to 12.9 percent (3.0) as a result of increase in sales and cost efficiency.

First six months

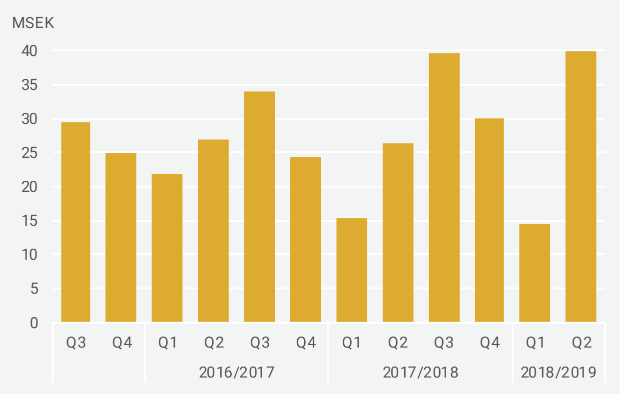
Net sales amounted to MSEK 54.4 (41.6), an increase by 31 percent compared to the year before.

Increased sales and an unchanged cost base made for a significant increase in operating profit, MSEK 4.3 (–1.4). The operating margin was 7.9 percent (–3.4).

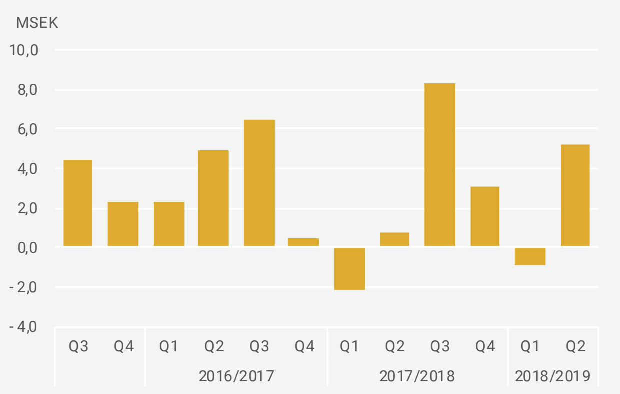
Other Industry (MSEK)	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2018/2019 R12 DEC	2017/2018 JUL-JUN
Net sales	39.9	26.4	54.4	41.6	123.7	110.9
EBITDA	6.4	2.2	6.8	1.8	20.7	15.8
Operating profit/loss	5.2	0.8	4.3	-1.4	15.7	10.0
Average number of employees	50	43	47	44	48	41

The bar charts below show the development of business area Other Industry. Comparative data up to February 2017 are reported pro forma for the acquisition of IFG, which was reported as a reverse acquisition.

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



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



FINANCIAL INFORMATION

PROFIT AND FINANCIAL POSITION

Net sales during the first six months of the financial year amounted to MSEK 1,421.2 (1,083.4). Operating profit amounted to MSEK 36.7 (53.9) and profit after taxes was MSEK 24.6 (70.4). The prior year operating profit included MSEK 31 in negative goodwill arising in connection with the acquisition of Cresco. Portions of existing tax loss carryforwards were capitalised in connection therewith, MSEK 14, which had a positive effect on the Group's reported taxes.

Consolidated equity at the end of the period amounted to MSEK 892.1 (766.9) and the equity ratio stood at 56.0 percent (53.5). Had cash and cash equivalents and interest-bearing liabilities been reported on a net basis, the Group's equity ratio would be 64.1 (61.3) percent.

CAPITAL EXPENDITURES

During the first six months of the financial year the Group invested a total of MSEK 41.5, mainly in acquisitions, but also in increased capacity, primarily in business area Fibre. The acquisition of Universal Power Nordic affected cash flow by MSEK –21.3.

CASH FLOW

During the first six months of the financial year consolidated cash flow from operating activities amounted to MSEK 13.0 (–13.3), affected by an increase in inventory in business area Fibre and a build-up of working capital in newly acquired UPN.

Cash and cash equivalents

At the end of the first six months of the financial year the Group's cash and cash equivalents amounted to MSEK 202.1 (180.9). Interest-bearing liabilities amounted to MSEK 246.2 (191.5) and the Group's net debt amounted to MSEK 44.1 (10.6).

PARENT COMPANY

Duroc AB's (publ) primary functions are business development, acquisitions, follow-up of the development in Group companies and financial reporting. Sales consist of internally invoiced services amounting to MSEK 2.1 during the first six months of the financial year (4.0). Profit after taxes amounted to MSEK 57.6 (–3.0), including dividends from subsidiaries of MSEK 58.8. 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 was 97.7 percent (97.3).

PERSONNEL

The average number of employees during the first six months of the financial year was 823 (653). The average number of employees in the Parent Company was 5 (3) 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 July 2017 - 30 June 2018.

OTHER INFORMATION

Work environment investigation in England

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 counsel, the investigation may lead to the imposition of a fine by the British work environment authority HSE in an amount of between KGBP 600-950.

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.

Prioritized creditor Svartöns Specialstål AB's bankruptcy

Duroc is most preferred creditor in the bankruptcy proceedings of Svartöns Specialstål AB where the bankruptcy administration has sued an insurance company for approximately MSEK 24, not including interest. In the case of full success for the bankruptcy estate, Duroc can expect compensation of between MSEK 15 and 20. The process is not expected to impose a burden on Duroc since funds to cover the process costs are already available in the estate in bankruptcy.

Brexit

Great Britain's planned exit from the EU (Brexit) may affect Duroc's business. At present there is uncertainty both with respect to long-term solutions as well as rules for the transition period and there is a risk that there is a Brexit without any set transition rules as well as of a deferral of Brexit. The lack of clarity over what will happen makes it difficult to identify the effects.

Against this background the Board of Directors and management follow the development on an ongoing basis, in order to be able to take appropriate action in case of need.

In business area Fibre approximately 9 percent of sales are exports from Great Britain to the EU or other parts of the world. Major portions of this sales volume can be moved to other Group companies in the EU and any negative effect as a result of Brexit are not considered to be extensive.

Risks affecting the Group's business outside Great Britain pertains mostly to purchases of goods. The volume of goods purchased from Great Britain is limited however and the effects are not judged to impact Duroc's business in a major way.

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

SCHEDULE OF FUTURE INFORMATION

Interim Report July 2018-March 2019	7 May 2019
Year-end Report 2018/2019	23 August 2019

Stockholm, 8 February 2019

Peter Gyllenhammar
Chairman of the Board of Directors

Carina Heilborn
Director

Ola Hugoson
Director

Johan Öberg
Director

Carl Östring
Director

John Häger
CEO

SUMMARY CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
Net sales	716.8	573.9	1,421.2	1,083.4	2,526.4
Other operating income *	6.6	31.2	6.9	31.8	33.3
Change in inventoriries	5.9	0.5	4.2	0.0	1.1
Raw materials and consumables	-359.4	-288.7	-751.9	-580.1	-1,382.3
Gods for resale	-113.0	-83.6	-193.8	-125.7	-270.3
Personnel costs	-116.4	-94.5	-224.4	-171.4	-393.8
Other costs	-106.9	-85.8	-200.1	-161.1	-353.7
Depreciation and amortisation of tangible and intangible non-current assets	-12.6	-11.4	-25.6	-23.0	-44.4
Operating profit/loss	**21.2**	**41.6**	**36.7**	**53.9**	**116.2**
Financial income	0.2	1.3	1.0	3.1	5.6
Financial expense	-1.9	-1.9	-3.9	-4.8	-9.0
Net financial items	**-1.7**	**-0.6**	**-2.9**	**-1.7**	**-3.4**
Profit before tax	**19.4**	**41.0**	**33.7**	**52.2**	**112.8**
Current taxes	-3.8	27.1	-7.3	28.9	-12.0
Deferred taxes	-1.1	-3.3	-1.9	-10.7	29.8
PROFIT FOR THE PERIOD	**14.6**	**64.8**	**24.6**	**70.4**	**130.6**
Profit for the period attributable to:					
The Parent Company´s equity holders	14.6	64.8	24.6	70.4	130.6
non-controlling interests	-	-	-	-	-
Earnings per share					
Before dilution	0.37	1.66	0.63	1.81	3.35
After dilution	0.37	1.66	0.63	1.81	3.35
Average number of shares outstanding before dilution	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000
Average number of shares outstanding after dilution	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000

*Other operating revenue for the period July-June 2017/2018 includes reversal of negative goodwill in the amount of MSEK 30.6.

CONSOLIDATED REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
PROFIT FOR THE PERIOD	**14.6**	**64.8**	**24.6**	**70.4**	**130.6**
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	0.3	11.0	-8.9	-0.2	40.0
Hedge accounting (net)	0.4	-0.9	0.1	0.1	1.0
Items that will not be reclassified to the income statement					
Actuarial gains and losses(net)	-6.2	1.7	-5.8	4.1	18.5
Total other comprehensive income	**-5.5**	**11.8**	**-14.6**	**4.0**	**59.5**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9.1**	**76.6**	**10.0**	**74.4**	**190.1**
Total comprehensive inocome for the period attributable to:					
The Parent company´s equity holders	9.1	76.6	10.0	74.4	190.1
non-controlling interests	-	-	-	-	-

SUMMARY CONSOLIDATED BALANCE SHEET

Amounts in MSEK	2018-12-31	2017-12-31	2018-06-30
ASSETS			
Non-current assets			
Intangible assets	88.2	79.8	83.1
Property plant and equipment	423.9	406.6	433.4
Financial assets	10.9	9.3	9.4
Deferred tax assets	54.2	55.2	58.1
Total non-current assets	**577.3**	**550.9**	**584.0**
Current assets			
Inventories	406.6	342.8	354.8
Trade receivables	377.0	317.2	421.5
Prepaid expenses and accrued income	16.4	11.0	13.2
Other receivables	13.5	29.4	26.5
Cash and cash equivalents	202.1	180.9	262.2
Total current assets	**1,015.7**	**881.3**	**1,078.2**
Total assets	**1,593.0**	**1,432.2**	**1,662.2**
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	95.5	74.7	104.6
Retained earnings including profit for the year	497.1	392.7	478.3
Equity attributable to owners of the parent	**892.1**	**766.9**	**882.4**
Total equity	**892.1**	**766.9**	**882.4**
Long-term liabilities			
Non-current interest-bearing liabilities	80.7	96.7	93.9
Other non-current liabilities	-	5.9	-
Provision for pensions	48.6	57.9	42.6
Other provisions	21.3	33.4	28.6
Deferred tax liabilities	34.9	30.9	39.9
Total non-current liabilities	**185.5**	**224.8**	**205.0**
Current liabilities			
Current interest-bearing liabilities	165.5	94.8	179.8
Trade payables	215.7	169.7	251.6
Other liabilities	64.4	132.1	87.9
Accrued expenses and prepaid income	69.9	43.9	55.5
Total current liabilities	**515.5**	**440.5**	**574.8**
Total liabilities	**700.9**	**665.3**	**779.8**
TOTAL EQUITY AND LIABILITIES	**1,593.0**	**1,432.2**	**1,662.2**

SUMMARY OF CHANGES IN CNSOLIDATED EQUITY

Amounts in MSEK	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
Opening balance	**882.4**	**692.4**	**692.4**
Profit for the period	24.6	70.4	130.6
Translation differences	-9.2	0.1	40.0
Actuarial gains and losses (net)	-5.8	3.5	18.5
Hedge accounting (net)	0.1	0.5	1.0
Closing balance	**892.1**	**766.9**	**882.4**

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
OPERATING ACTIVITIES					
Profite before taxes	**19.4**	**41.0**	**33.7**	**52.2**	**112.8**
Adjustment for items not included in cash flow	16.3	6.7	29.3	16.9	13.4
Income tax paid	-4.0	-5.6	-4.9	-6.8	-13.3
Cash flow from operating activities before changes in working capital	**31.8**	**42.1**	**58.2**	**62.3**	**112.9**
Changes in working capital	8.3	-46.5	-45.2	-75.6	-37.2
Cash flow from operating activities	**40.1**	**-4.4**	**13.0**	**-13.3**	**75.7**
Cash flow from acquisitions	-	-64.7	-21.3	-64.7	-64.7
Cash flow from other investment activities	-12.2	-9.2	-20.3	-21.0	-41.3
Cash flow from investment activities	**-12.2**	**-73.9**	**-41.5**	**-85.7**	**-106.0**
Cash flow from financing activities (not including dividend)	-19.2	58.8	-28.5	-19.9	-23.2
Cash flow from financing activities	**-19.2**	**58.8**	**-28.5**	**-19.9**	**-23.2**
Cash flow for the period	**8.8**	**-19.5**	**-57.0**	**-118.9**	**-53.5**
Cash and equivalents at beginning of period	193.6	191.8	262.2	295.4	295.4
Transaltion difference in cash and cash equivalents	-0.3	8.6	-3.1	4.4	20.3
Cash and equivalents at end of period	**202.1**	**180.9**	**202.1**	**180.9**	**262.2**

SUMMARY PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
Net sales	1.0	2.0	2.1	4.0	3.6
Other external costs	-1.3	-3.1	-3.0	-3.9	-8.2
Personnel costs	-1.5	-2.1	-3.6	-3.1	-6.4
Depreciation and amortisation	-0.0	-0.1	-0.1	-0.1	-0.2
Operating result	**-1.8**	**-3.3**	**-4.6**	**-3.1**	**-11.2**
Result from shares in group companies	58.8	-	58.8	-	-
Financial income	0.4	0.3	0.7	0.5	0.9
Financial expense	-0.0	-0.1	-0.1	-0.2	-0.4
Net finance items	**59.1**	**0.2**	**59.3**	**0.3**	**0.5**
Group contributions received/rendered	-	-	-	-	6.3
Result before taxes	**57.3**	**-3.1**	**54.7**	**-2.8**	**-4.4**
Income tax	0.3	0.1	0.9	-	-0.8
RESULT AFTER TAXES	**57.6**	**-3.0**	**55.6**	**-2.8**	**-5.2**

PARENT COMPANY REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2018/2019 Q2	2017/2018 Q2	2018/2019 Q1-Q2	2017/2018 Q1-Q2	2017/2018 JUL-JUN
RESULT FOR THE PERIOD	**57.6**	**-3.0**	**55.6**	**-2.8**	**-5.2**
Other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	**57.6**	**-3.0**	**55.6**	**-2.8**	**-5.2**

SUMMARY PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2018-12-31	2017-12-31	2018-06-30
ASSETS			
Non current assets			
Other intangible assets	1.4	0.7	0.9
Shares in group companies	864.5	856.5	856.5
Other equity	0.4	0.4	0.4
Deferred tax asset	24.9	25.4	23.9
Total non-current assets	**891.1**	**883.0**	**881.7**
Current assets			
Receivables group companies	54.4	31.8	31.9
Prepaid expenses and accrued income	0.9	0.5	0.4
Other receivables	0.3	0.8	1.2
Cash and cash equivalents	26.8	7.0	36.3
Total current assets	**82.5**	**40.1**	**69.8**
TOTAL ASSETS	**973.6**	**923.1**	**951.5**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	910.8	858.1	855.2
Total equity	**950.9**	**898.2**	**895.3**
Current liabilities			
Liabilities to credit institutions	2.8	5.7	4.3
Trade payables	1.4	0.5	0.3
Payables group companies	15.9	17.0	46.5
Other liabilities	-	0.2	-
Accrued expenses and prepaid income	2.6	1.5	5.1
Total current liabilities	**22.7**	**24.9**	**56.2**
Total liabilities	**22.7**	**24.9**	**56.2**
TOTAL EQUITY AND LIABILITIES	**973.6**	**923.1**	**951.5**

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) as adopted by 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.

The Group's accounting policies are described in Note 2 in the 2017/2018 Annual Report. Since July 2018, Duroc applies the accounting standards IFRS 15 and IFRS 9. In all other respects accounting and valuation principles are unchanged compared to the 2017/2018 annual report.

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 majority, more than 80 percent, of the Duroc Group's sales are attributable to business area Fibre, which manufactures and delivers goods in the form of synthetic fibre and yarns. Business area Industrial Trading offers production solutions by delivering machine tools, including accessories, service and support, while business area Other Industry offers maintenance of railroad wheels and expertise in the field of laser welding.

Revenue is recognized when control over the product is transferred to the customer, which typically occurs at a specified point in time. Services in business area Industrial Trading, related to installation of the product, repair or maintenance are recognized over the time during which the service is provided. However, this part represents a mere approximately 4 percent of the business area's revenue.

The existence of variable compensation is limited and is recognized only to the extent that it will most likely not have to be reversed.

The transition to IFRS 15 has had no significant effects on the financial position or results of the Duroc Group.

IFRS 9 Financial instruments

IFRS 9 primarily affects Duroc in the manner of recording bad debts. Most of the trade receivables in business area Fibre are insured and in the other business areas the occurrence of bad debts is very small. An updated model for write-down of accounts receivable has been implemented in business area Industrial Trading, but the new model has had minimal effect on the business area's financial position or results. Hedge accounting is applied to a very small extent and IFRS 9 had no effect on Duroc in this respect.

New accounting policies 2019

IFRS 16 Leases

IFRS 16 Leases must be applied from the financial year beginning in 2019 and replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The new standard provides that lessees must recognize all contacts that meet the definition of a lease (with certain exceptions) as an asset and liability in the report of financial position. The operating cost, equivalent to the period's leasing fee, reported for operational leases, will be replaced by depreciation and interest expense in the income statement.

In the Duroc Group there are leases relating to, among other things, premises and machinery. The new standard will mainly affect the financial reports in the following manner: Improved operating profit, higher balance sheet total and reclassification of cash flow from operating activities to financing activities. Duroc has not yet fully assessed the amounts-related effects of the transition to the new standard.

Alternative key financial indicators

In order to facilitate comparison between different periods and follow-up of the different Duroc Group business areas, certain financial information is presented in this report, which is not defined in IFRS, so-called alternative financial indicators. These should be regarded as complements to the financial information. The alternative key financial indicators used are defined where presented, or alternatively, at the end of this report.

Rounding

Amounts are stated in million Swedish kronor (MSEK) with one decimal, unless otherwise stated. Roundings may occur in tables and statements, the effect of which may be that totals are not always the sum of the rounded component amounts.

NOTE 2. ACQUISITIONS

Universal Power Nordic (UPN)
In July 2018 Duroc acquired the business of Universal Power Nordic (UPN), a leading supplier of diesel engines for industrial and marine applications. UPN, which has 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 23.5 and the acquisition was consummated through the wholly owned subsidiary Duroc Machine Tool Holding AB. In the preliminary acquisition analysis goodwill amounts to MSEK 4.3, consisting mainly of growth and the company's business model. UPN is consolidated in the Duroc Group from 1 July 2018. During the first six months 2018/2019 UPN's revenue amounted to MSEK 63.6 and the operating profit was MSEK 2.8. For the period July 2017-June 2018 revenue amounted to MSEK 126 and the operating profit was MSEK 4.6. Acquisition-related transaction costs amount to MSEK 0.3.

Preliminary purchase price allocation

Amounts in MSEK	Preliminary purchase price allocation	Adjusted purchase price allocation
Total purchase price	23.5	23.5
Cash settled purchase price	23.5	23.5
Total acquisition value	**23.5**	**23.5**
Fair value of acquired net assets	21.1	19.2
Goodwill	**2.4**	**4.3**

Assets and liabilities arising from the acquisition are as follows	Preliminary purchase price allocation	Adjusted purchase price allocation
Customer relations	1.0	1.0
Other intangible assets	2.5	2.5
Tangible assets	1.0	1.0
Inventories	21.5	19.7
Current assets	6.1	6.5
Cash and cash equivalents	2.3	2.2
Deferred tax liability	-0.2	-0.2
Current liabilities	-13.1	-13.5
Fair value of net assets	**21.1**	**19.2**

Herber Engineering
In December 2018 Duroc agreed to acquire all shares outstanding in Herber Engineering AB. Herber manufactures advanced tube bending machines (electric and hydraulic) for cold tube and profile forming. Customers are found, in among other, the automotive industry, the aerospace industry, the furniture industry and HVAC (heating, ventilation and air conditioning) worldwide. The company has approximately 20 employees and about MSEK 50 in sales. Herber will be a part of business area Industrial Trading and the transaction is planned to close in April 2019.

NOTE 3. 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 are the Group's chief decision maker and evaluate the Group's financial position and performance and make 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, Other Industry and Industrial Trading.

Amounts in MSEK	**2018/2019 Q2**	**2017/2018 Q2**	**2018/2019 Q1-Q2**	**2017/2018 Q1-Q2**	**2017/2018 JUL-JUN**
Net sales					
Fibre	530.9	431.8	1,087.4	866.2	2,040.0
Of which external	530.9	431.8	1,087.4	866.2	2,040.0
Of which internal	-	-	-	-	-
Industrial trading	146.0	115.7	279.5	175.6	375.7
Of which external	146.0	115.7	279.5	175.6	375.7
Of which internal	-	-	-	-	-
Other industry	39.9	26.4	54.4	41.6	110.9
Of which external	39.9	26.4	54.4	41.6	110.9
Of which internal	-	-	-	-	-
Group-wide functions	1.0	2.0	2.1	4.0	3.6
Eliminations	-1.0	-2.0	-2.1	-4.0	-3.7
Total net revenue	**716.8**	**573.9**	**1,421.2**	**1,083.4**	**2,526.4**
Operating profit					
Fibre	5.6	34.7	15.8	51.4	97.5
Industrial trading	12.1	8.1	21.2	7.0	19.9
Other industry	5.2	0.8	4.3	-1.4	10.0
Group-wide functions	-1.8	-2.0	-4.6	-3.1	-11.2
Total operating profit	**21.2**	**41.6**	**36.7**	**53.9**	**116.2**
Net finance items	**-1.7**	**-0.6**	**-2.9**	**-1.7**	**-3.4**
Profit before taxes	**19.4**	**41.0**	**33.7**	**52.2**	**112.8**
Operating margin					
Fibre	1.1%	8.0%	1.5%	5.9%	4.8%
Industrial trading	8.3%	7.0%	7.6%	4.0%	5.3%
Other industry	13.0%	3.0%	7.9%	-3.4%	9.0%
Total	**3.0%**	**7.2%**	**2.6%**	**5.0%**	**4.6%**

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 six months of the 2018/2019 financial year Duroc purchased services from Value Research AB in an amount of MSK 0.3. The company is 51 percent owned by Peter Gyllenhammar AB, which is also the largest shareholder in Duroc. Purchases were made on market terms.

DEFINITION OF KEY FINANCIAL INDICATORS

Equity	The sum total of share capital, reserves and retained earnings, including profit for the year.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation)
Equity ratio	Equity divided by the balance sheet total.
Adjusted equity	Equity divided by adjusted balance sheet total where cash and cash equivalents and interest-bearing liabilities are reported on a net basis.
Earnings per share	Profit after taxes divided by the average number of shares outstanding.
ROCE	Profit after net finance items, plus financial expenses in percent of average capital employed.
Capital employed	Equity plus interest-bearing liabilities.
+Net debt/–Net cash and cash equivalents	Interest-bearing debt, less cash and cash equivalents.