Systemair AB
Interim Report Q2
1 May – 31 October 2012

systemair

Net sales Q2

SEK 1,216 m

EBIT Q2

SEK 141 m

Sales increased by 18%

Second quarter August-October 2012

- Net sales increased by 18 percent to SEK 1,216 million (1,027).
- Operating profit (EBIT) increased by 8 percent to SEK 141 million (130).
- The operating margin was 11.6 percent (12.7).
- Profit after tax fell to SEK 89 million (95).
- Earnings per share equalled SEK 1.71 (1.83) were achieved.
- Cash flow from operating activities totalled SEK 143 million (95).

First half-year, May-October 2012

- Net sales increased by 19 percent to SEK 2,307 million (1,931).
- Operating profit (EBIT) increased by 10 percent, to SEK 239 million (217).
- The operating margin was 10.4 percent (11.2).
- Profit after tax increased to SEK 162 million (150).
- Earnings per share equalled SEK 3.11 (2.89).
- Cash flow from operating activities totalled SEK 204 million (147).

Significant events during the period under review

- In June, Change Air, Canada, was acquired. The company is one of North America's leading manufacturers of air handling units for classrooms.
- In August, Systemair acquired 70 percent of the shares in Turkish company HSK. HSK is Turkey's leading manufacturer of air handling units.
- In August, Systemair acquired Ratos' shareholding in Lindab, bringing its stake to 11.6 percent of the shares outstanding.

	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths
Net sales, SEK million	1,215.7	1,026.6	2,306.6	1,931.4
Growth, %	18.4	10.5	19.4	10.6
Operating profit, SEK million	140.9	130.2	239.5	216.9
Operating margin, %	11.6	12.7	10.4	11.2
Profit after tax, SEK million	88.9	95.0	161.9	150.2
Basic and diluted earnings per share, SEK	1.71	1.83	3.11	2.89
Operating cash flow per share, SEK	2.76	1.83	3.92	2.83

CEO's Comments

Sales record

Our sales increased by 18.4 percent and our organic growth in the second quarter totalled 10.5 percent. This was generated by strong growth in our major markets, with Russia in the lead. The fact that we also report an operating margin of 11.6 percent, is to us a sign of strength, in view of the uncertainty that prevails in many markets.

The market

The best rate of growth is shown in Russia and the Baltic States. Other markets also display satisfactory growth, with Norway and Germany both reporting double-digit growth figures. It is pleasing that developments in India are heading in the right direction and that we have now moved into profitability. At the same time, sales have begun to rise again, from relatively low levels.

Companies acquired

Our company in Russia, acquired at the end of June 2011, has continued to perform well, with both good growth and profitability. We are establishing new sales offices in Samara and Nizhny Novgorod. Our production of chillers in Italy has also progressed better than we had dared to hope and to date has delivered positive earnings. The Canadian business Change Air continued to develop satisfactorily during the period, but is now entering a season where sales will be lower. In India, our companies will be merged and relocated together for improved efficiency.

Investments

Construction of production, laboratory and office facilities at Greater Noida, just outside Delhi, is in full swing, and occupancy of the first section will begin in December. In all, we will acquire 8,000 m^2 of new production and warehousing space. Construction work is also in progress at the new development centre in Germany. We are investing in additional sheet metal forming machinery at our Lithuanian production unit and at Systemair-HSK, our recently acquired air handling unit manufacturer in Turkey; installation will take place in spring 2013.

Outlook

In recent years, we have undertaken major investments in production equipment, product development, marketing and business combinations. It is gratifying to see that we are obtaining a return from the investments made. The full effect will not emerge until an upturn in the economy comes about. However, we have demonstrated that we can deliver not only satisfactory growth but also a good operating profit, even in difficult times.

Gerald Engström
President and CEO

Sales and markets

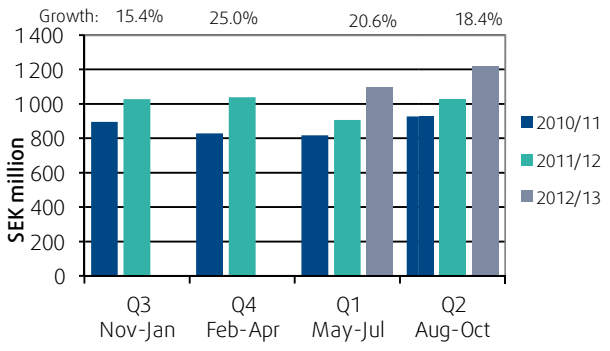
Group sales for the second quarter of 2012/13 totalled SEK 1,215.7 million (1,026.6), which was up 18.4 percent on the same period in the preceding year. Organic growth amounted to 10.5 percent.

Growth in acquired operations totalled 11.6 percent, or SEK 119.4 million. During the quarter, foreign exchange effects reduced sales by 3.7 percent. This means that, at unchanged exchange rates, sales increased by 22.1 percent in the quarter.

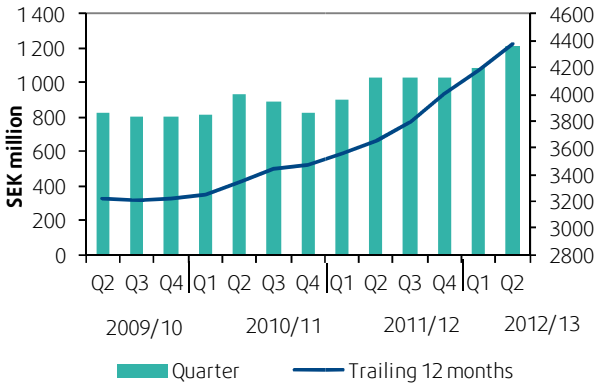
Net sales for the interim report period of May-October 2012/13 totalled SEK 2,306.6 million (1,931.4), which was up 19.4 percent on the same period in the preceding year. Organic growth amounted to 6.1 percent.

Growth in acquired operations equalled 16.3 percent, while foreign exchange effects reduced sales by 3.0 percent during the period.

Net sales per quarter compared with same period previous years



Net sales



Geographic breakdown of Q2 sales

Nordic region

During the second quarter, sales in the Nordic region increased 3 percent from the same period in the preceding year. Growth remained strong in Norway and Denmark. Adjusted for foreign exchange effects, sales increased 5 percent during the quarter.

Western Europe

In Western Europe, income increased by 15 percent in the second quarter. Adjusted for foreign exchange effects, sales increased by 6 percent compared to the preceding year. Markets that performed strongly in the region include Switzerland, Austria and Germany.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS increased 21 percent during the quarter. Organic growth for the region amounted to 28 percent. Russia and the Baltic States in particular continue to show good growth.

	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	Change	2012 May–Oct 6 mths	2011 May–Oct 6 mths	Change
Nordic region	315.8	305.3	3%	555.3	527.3	5%
Western Europe	381.1	332.7	15%	742.6	653.6	14%
Eastern Europe & CIS	305.3	251.5	21%	607.4	467.0	30%
North America	95.7	73.3	31%	200.8	145.5	38%
Other markets	117.8	63.8	85%	200.5	138.0	45%
Total	**1,215.7**	**1,026.6**	**18%**	**2,306.6**	**1,931.4**	**19%**

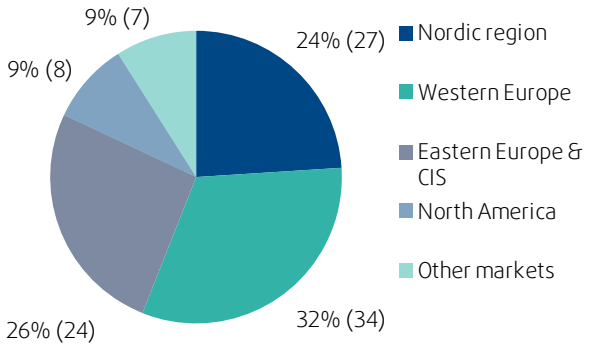
North America

Sales in the North American market increased by 31 percent during the quarter compared to the same period in the preceding year. The increase is attributable to the acquisition of Change Air, Canada. Adjusted for the effects of foreign exchange and acquisitions, sales decreased 2 percent.

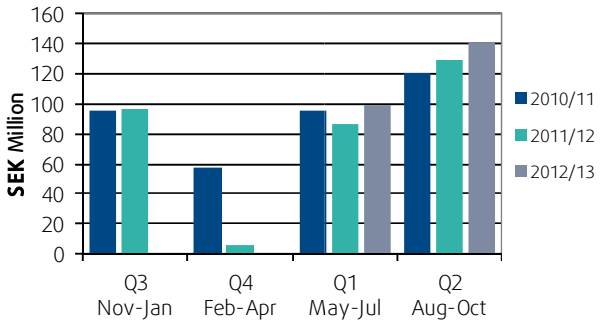
Other markets

Sales in Other markets increased by 85 percent compared to the same period in the preceding year, as a result of the acquisitions in Turkey and India. Adjusted for foreign exchange effects, sales increased 7 percent.

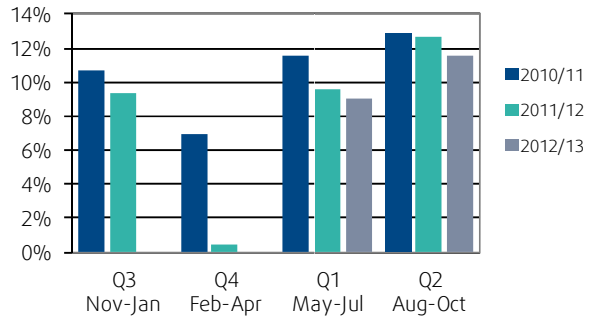
Sales by market Q2 2012 (Q2 2011)



Operating profit per quarter, relative to the same period in previous years



Operating margin per quarter, relative to the same period in previous years



Profit in the second quarter

The gross profit for the second quarter amounted to SEK 443.9 million (401.7), an increase of 10.5 percent on the same period in the preceding year. The gross margin fell to 36.5 percent (39.1) as a result mainly of acquisitions of companies with lower margins.

The operating profit for the second quarter totalled SEK 140.9 million (130.2), up 8.3 percent on the same period in the preceding year. The operating margin was 11.6 percent (12.7).

Selling and administration expenses for the quarter totalled SEK 307.1 million (271.4), an increase of SEK 35.7 million. Selling and administration expenses at acquired companies accounted for SEK 21.1 million (16.2) of the increase for the quarter.

Selling expenses were charged with SEK 2.7 million (4.0) for anticipated bad debts and impairment losses on trade receivables. During the quarter, costs related to acquisitions totalled SEK 0.5 million (0.9).

Net financial items ended the second quarter at SEK -18.4 million (-5.8). The effect of foreign exchange on long-term receivables, loans and bank balances was SEK -4.4 million net (0.7). Write-down of a long term receivable, deriving from a previous sale of a building, totalled SEK -5.4 million. Interest expense for the quarter totalled SEK -9.0 million (-6.7), as a result of increased borrowing.

Tax expense

Estimated tax for the quarter totalled SEK -33.6 million (-29.4), corresponding to an effective tax rate of 27.4 percent (23.6) based on profit after net financial items. The relatively low effective tax rate last year is attributable to tax loss carry-forwards utilised but not capitalised.

Acquisitions and new operations

On 20 August 2012, Systemair acquired Ratos' holding of shares in Lindab. The holding represented 11.2 percent of the share capital and comprised 8,849,157 shares. At the same time, Systemair acquired a further 300,000 shares in the market and consequently is one of the largest shareholders in Lindab, with in all 11.6 percent of the share capital. The aim of the acquisition is to exercise long-term industrial ownership of the company. Systemair and Lindab have been engaged in many years of collaboration in the ventilation product sector and opportunities exist to expand collaboration in the product and distribution area.

In May 2012, Systemair signed an agreement to acquire 70 percent of the shares in Turkish company HSK. HSK is Turkey's leading manufacturer of air handling units, with sales of SEK 160 million in 2011. The company has two production facilities just outside Istanbul and sales offices in Azerbaijan,

Georgia, Turkmenistan, Dubai and Iraq. The acquisition is expected to create excellent synergies with the Italian refrigeration equipment factory acquired. The acquisition initially concerns 70 percent of the shares and a binding option to acquire the remaining 30 percent within a four-year period. HSK has been consolidated into Systemair since the beginning of August 2012.

In June, Systemair acquired Change Air, Canada. The company is one of North America's leading manufacturer of air handling units for classrooms. In 2011, Change Air had sales of SEK 84 million and an operating profit of SEK 11.9 million. The company, with 86 employees, has its headquarters and a production facility in Ontario, Canada. The acquisition has provided Systemair with access to 59 sales agents in 71 cities, and a total of approximately 300 sales engineers in North America. These cover 42 states in the USA and six provinces in Canada.

If Change Air and HSK had been consolidated as of 1 May 2012, net sales for the period May 2012 through October 2012 would have totalled SEK approximately SEK 2,355 million. Operating profit for the period would have been approximately SEK 233 million.

Note 1 in this report contains an acquisition analysis and an account of the effects of the acquisitions on the Group's cash and cash equivalents.

Investments, depreciation and amortisation

Investment for the quarter, excluding divestments, totalled SEK 484.6 million (25.1), including SEK 25.8 million (17.4) invested in new construction and machinery. Acquisitions and additional considerations paid equalled SEK 52.1 million (7.6) for the quarter. The investment in financial assets, consisting of shares in Lindab, totalled SEK 406.6 million. The shares has been valued at fair value and any changes has been accounted for in the statement of comprehensive income. Depreciation of non-current assets amounted to SEK 28.4 million (23.6).

Personnel

The average number of employees in the Group was 3,375 (2,581). At the end of the period, Systemair had 3,401 employees (2,839), 562 more than one year previous. New employees were recruited chiefly in Lithuania (31), Germany (16) and Sweden (13). Through acquisitions, 508 employees joined the Group, including 165 at Systemair AC, Italy, 125 at IAPL, India, 58 at Change Air and 157 at HSK.

Cash flow and financial position

Cash flow from operating activities before changes in working capital totalled SEK 159.0 million (133.1) for the quarter. Changes in working capital, chiefly an increase in trade accounts receivable, had an impact of SEK -15.7 (-38.2) on cash flow. Net cash flow from financing activities was SEK 354.3 million (-83.7), as a result of new loans. At the end of the period, net indebtedness totalled SEK 1,246.8 million (764.5). The consolidated equity/assets ratio was 39.1 percent (45.4) at the end of the period.

Material risks and uncertainty

Systemair is exposed to operational and financial risks in its business. Operational risk is inherent in the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business are foreign exchange risk, borrowing and interest rate risk, credit and liquidity risk and loss carry-forwards. The material risks and uncertainty affecting Systemair are described in more detail in the Company's 2011/12 Annual Report. The financial risks has somewhat changed during the reporting period due to the acquisition of the shares in Lindab. The shares have been accounted for as a financial asset available for sale valued at fair value. Any changes in the fair value have been taken over the statement of comprehensive income. The acquisition has been financed thru bank loans which has also increased the interest rate risk.

Related party transactions

Systemair's significant transactions with related parties concern ebmpapst AB and ebmpapst Mulfingen GmbH & Co. KG. Transactions with related parties are described in detail in Note 36 to the accounts in the Annual Report for the 2011/12 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

Parent Company

Parent Company sales for the quarter totalled SEK 256.3 million (246.0), while operating profit was SEK 21.2 million (13.5).

The average number of employees in the Parent Company was 417 (396).

Financial information

The interim report for the third quarter of 2012/2013 will be published at 8.00 a.m. on 7 March 2013.

The report for the fourth quarter and full year 2012/13 will be published at 8.00 a.m. on 11 June 2012.

About Systemair

The Company established operations in 1974 with a product concept, the circular duct fan, a design that made installation considerably simpler. We adopted the motto "the straight way", which has been developed from a product concept to a business philosophy. Our product range has expanded strongly to extend over a broad range of fans, air handling units, products for air distribution, air curtains and heating products.

Mission statement

Operating from the core values of simplicity and reliability, our business concept is to develop, manufacture and market high-quality ventilation products. On the basis of our business concept and with our customers in focus, our aim is to be seen as a company to rely on, with the emphasis on delivery reliability, availability and quality.

Business model

Availability is an important parameter in terms of our competitiveness, and we ensure effective control of our flow of goods, with owned production units, centralised warehouse facilities and an efficient ERP system. With modern production plants and our own sales companies around the world, we reach out directly to our customers. The business model supports stability and development, and today we are a leading producer and supplier of ventilation products with our own production and sales companies.

Strategies

The following strategies create major strengths and competitive advantages that help us to achieve our goals.

- Innovative product development and a broad product range focusing on energy-efficient air handling products.
- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market shares.

Miscellaneous

The information in this Interim Report is information that Systemair is required to disclose in accordance with the Swedish Securities Markets Act (lagen om värdepappersmarknaden) and/or the Swedish Financial Instruments Trading Act (lagen om handel med finansiella instrument). This information was submitted for publication at 8.00 a.m. on 30 November 2012.

The undersigned affirm that this six-month report provides a true and fair survey of the Parent Company's and the Group's operations, financial position and profits, as well as describing the material risks and uncertainty facing the Parent Company and the companies included in the Group.

Skinnskatteberg, 30 November 2012
Systemair AB (publ)

Gerald Engström
Chief Executive Officer

Lars Hansson
Chairman

Hannu Paitula
Director

Göran Robertsson
Director

Elisabeth Westberg
Director

Jürgen Zilling
Director

Åke Henningsson
Employee Representative

Kevin Rowland
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Systemair in Brief

Systemair is a leading ventilation company with operations in 44 countries in Europe, North America, South America, the Middle East, Asia and South Africa. The Company had sales of SEK 4.0 billion in financial 2011/12 and currently employs about 3,300 people. Systemair has reported an operating profit every year since 1974, when the Company was founded. During the past 15 years, the Company's growth rate has averaged about 14 percent.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, VEAB and Fantech brands. Systemair shares have been quoted on the Mid Cap List of the OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 60 companies.

Auditors' review report

Introduction

We have reviewed the condensed interim financial information (interim report) for Systemair as per 31 October 2012 and the six-month reporting period ending on that date. The preparation and fair presentation of the interim report in accordance with IAS 34 and the Annual Accounts Act are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express our opinion of this interim report based on our review.

Emphasis and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The emphasis and scope of a review differ considerably from that of an audit in accordance with International Standards on Auditing Standards (ISA) and other generally accepted auditing practices in Sweden.
The procedures performed in a review do not enable us to obtain a level of assurance to become aware of all significant matters that could have been identified in an audit. As our opinion is based on a review, the level of assurance is not as high as that of an opinion expressed based on an audit.

Opinion

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

Stockholm, 30 November 2012
Ernst & Young AB

Thomas Forslund
Authorised Public Accountant

Consolidated Income Statement

SEK m.	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths	2011/12 Nov–Oct trailing 12	2011/12 May-Apr 12 mths
Net sales	1,215.7	1,026.6	2,306.6	1,931.4	4,372.1	3,996.9
Cost of goods sold	-771.8	-624.9	-1,472.5	-1,198.5	-2,779.2	-2,505.2
Gross profit	**443.9**	**401.7**	**834.1**	**732.9**	**1,592.9**	**1,491.7**
Other operating income	14.1	9.8	27.9	28.1	55.6	55.9
Selling expenses	-252.5	-222.2	-486.2	-429.9	-1,017.9	-961.6
Administration expenses	-54.6	-49.2	-107.8	-95.6	-220.2	-208.0
Other operating expenses	-10.0	-9.9	-28.5	-18.6	-68.1	-58.2
Operating profit	**140.9**	**130.2**	**239.5**	**216.9**	**342.3**	**319.8**
Net financial items	-18.4	-5.8	-18.2	-13.4	-28.0	-23.2
Profit after financial items	**122.5**	**124.4**	**221.3**	**203.5**	**314.3**	**296.6**
Tax on profit for the period	-33.6	-29.4	-59.4	-53.3	-87.2	-81.1
Profit for the period	**88.9**	**95.0**	**161.9**	**150.2**	**227.1**	**215.5**
Attributable to:						
Parent Company shareholders	88.9	95.0	161.9	150.2	227.1	215.4
Shareholdings without controlling interest	0.0	0.0	0.0	0.0	0.0	0.1
Earnings per share, SEK [1]	1.71	1.83	3.11	2.89	4.37	4.14
Average number of shares [1]	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

1 At present, Systemair does not have any option programme in operation and so no dilution effect is to be taken into account.

Consolidated Statement of Comprehensive Income

	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths	2011/12 Nov–Oct trailing 12	2011/12 May-Apr 12 mths
Profit for the period	88.9	95.0	161.9	150.2	227.1	215.5
Other comprehensive income, net of tax						
Translation differences, foreign operations	29.5	-25.2	-40.3	7.2	-37.0	10.5
Hedging of net assets in foreign operations, net of tax	-0.2	-2.4	-0.2	-3.7	-0.6	-4.1
Change in fair value of securities held for sale	48.3	-	48.3	-	48.3	-
Other comprehensive income, net of tax	**77.6**	**-27.6**	**7.8**	**3.5**	**10.7**	**6.4**
Total comprehensive income for the period	166.5	67.4	169.7	153.7	237.8	221.9
Attributable to:						
Parent Company shareholders	166.5	67.4	169.7	153.7	237.8	221.9
Shareholdings without controlling interest	0.0	0.0	0.0	0.0	0.0	0.0

Consolidated Balance Sheet

SEK m.	31 Oct 2012	31 Oct 2011	30 Apr 2012
ASSETS			
Goodwill	445.9	326.6	367.3
Other intangible assets	161.0	99.2	126.2
Property, plant and equipment	771.6	747.4	792.0
Financial and other assets	563.4	110.5	107.0
Total non-current assets	**1,941.9**	**1,283.7**	**1,392.5**
Inventory	778.9	692.4	767.3
Current receivables	1,018.5	882.1	848.4
Cash and cash equivalents	102.6	72.5	91.6
Total current assets	**1,900.0**	**1,647.0**	**1,707.3**
TOTAL ASSETS	**3,841.9**	**2,930.7**	**3,099.8**
EQUITY AND LIABILITIES			
Equity	**1,503.8**	**1,330.9**	**1,399.1**
Non-current liabilities, provisions	151.5	104.7	132.2
Non-current liabilities, interest-bearing	531.0	174.6	185.4
Total non-current liabilities	**682.5**	**279.3**	**317.6**
Current liabilities, interest-bearing	793.8	651.2	681.4
Current liabilities, non-interest-bearing	861.8	669.3	701.7
Total current liabilities	**1,655.6**	**1,320.5**	**1,383.1**
TOTAL EQUITY AND LIABILITIES	**3,841.9**	**2,930.7**	**3,099.8**

Consolidated Cash Flow Statement

SEK m.	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths	2011/12 May-Apr 12 mths
Operating profit	140.9	130.2	239.5	216.9	319.8
Adjustment for non-cash items	41.3	23.2	75.3	39.7	98.0
Financial items	-6.8	-6.0	-11.5	-10.9	-22.8
Income tax paid	-16.4	-14.3	-32.0	-22.7	-57.5
Cash flow from operating activities before changes in working capital	**159.0**	**133.1**	**271.3**	**223.0**	**337.5**
Changes in working capital	-15.7	-38.2	-67.4	-75.8	-47.6
Cash flow from operating activities	**143.3**	**94.9**	**203.9**	**147.2**	**289.9**
Cash flow from investing activities	-482.9	-23.2	-561.3	-131.6	-265.4
Cash flow from financing activities	354.3	-83.7	374.6	-20.6	-11.1
Cash flow for the period	**14.7**	**-12.0**	**17.2**	**-5.0**	**13.4**
Cash and cash equivalents at start of period	86.1	87.3	91.6	76.8	76.8
Translation differences, cash and cash equivalents	1.8	-2.8	-6.2	0.7	1.4
Cash and cash equivalents at close of period	**102.6**	**72.5**	**102.6**	**72.5**	**91.6**

Statement of Changes in Equity – Group

	2012 May–Oct			2011 May–Oct		
SEK m.	Equity attributable to Parent Company shareholders	Shareholdings without controlling interest	Total equity	Equity attributable to Parent Company shareholders	Shareholdings without controlling interest	Total equity
Amount at beginning of year	**1,399.0**	**0.1**	**1,399.1**	**1,268.1**	**0.1**	**1,268.2**
Dividend	-65.0	-	-65.0	-91.0	-	-91.0
Comprehensive income	169.7	0.0	169.7	153.7	0.0	153.7
Amount at end of period	**1,503.7**	**0.1**	**1,503.8**	**1,330.8**	**0.1**	**1,330.9**

Key Ratios for the Group

		2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths	2011/12 May-Apr 12 mths
Net sales	SEK m.	1,215.7	1,026.6	2,306.6	1,931.4	3,996.9
Growth	%	18.4	10.5	19.4	10.6	15.3
Operating profit	SEK m.	140.9	130.2	239.5	216.9	319.8
Operating margin	%	11.6	12.7	10.4	11.2	8.0
Profit after net fin. items	SEK m.	122.5	124.4	221.3	203.5	296.6
Profit margin	%	10.1	12.1	9.6	10.5	7.4
Return on capital employed	%	13.9	19.3	13.9	19.3	14.7
Return on equity	%	15.9	21.5	15.9	21.5	15.7
Equity/assets ratio	%	39.1	45.4	39.1	45.4	45.1
Investments	SEK m.	482.8	25.1	561.2	139.7	265.4
Depreciation/Amortisation	SEK m.	28.4	23.6	56.7	46.1	100.2
Per share ratios						
Basic earnings per share	SEK	1.71	1.83	3.11	2.89	4.14
Diluted earnings per share	SEK	1.71	1.83	3.11	2.89	4.14
Basic equity per share	SEK	28.92	25.59	28.92	25.59	26.90
Diluted equity per share	SEK	28.92	25.59	28.92	25.59	26.90
Basic operating cash flow per share	SEK	2.76	1.83	3.92	2.83	5.58
Diluted operating cash flow per share	SEK	2.76	1.83	3.92	2.83	5.58
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

Quarterly Key Ratios – Group

		2012/13			2011/12				2010/11	
		Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2
Net sales	SEK million	1,215.7	1,091.0	1,034.9	1,030.6	1,026.6	904.8	828.2	893.2	928.9
Growth	%	18.4	20.6	25.0	15.4	10.5	10.7	3.4	11.8	12.1
Gross margin	%	36.5	35.8	35.9	37.5	39.1	36.6	39.8	38.5	39.5
Operating profit	SEK million	140.9	98.5	5.6	97.3	130.2	86.8	57.2	95.3	119.5
Operating margin	%	11.6	9.0	0.5	9.4	12.7	9.6	6.9	10.7	12.9
Return on capital employed	%	13.9	14.3	14.7	18.7	19.3	19.1	18.0	21.0	19.1
Return on equity	%	15.9	16.8	15.7	18.9	21.5	20.9	22.3	24.5	20.0
Equity/assets ratio	%	39.1	45.2	45.1	45.3	45.4	45.4	48.6	49.0	47.4
Basic equity per share	SEK	28.92	26.97	26.90	27.02	25.59	26.05	24.39	24.05	23.12
Basic earnings per share	SEK	1.71	1.40	-0.09	1.35	1.83	1.06	0.61	1.87	1.53

Parent Company Income Statement

SEK m.	2012 Aug–Oct 3 mths	2011 Aug–Oct 3 mths	2012 May–Oct 6 mths	2011 May–Oct 6 mths	2011/12 May-Apr 12 mths
Net sales	256.3	246.0	487.7	466.9	939.2
Cost of goods sold	-190.0	-181.9	-368.2	-348.6	-701.5
Gross profit	**66.3**	**64.1**	**119.5**	**118.3**	**237.7**
Other operating income	9.6	4.6	19.3	16.8	31.8
Selling expenses	-40.5	-38.6	-75.1	-71.2	-158.8
Administration expenses	-15.7	-14.9	-29.5	-27.9	-59.9
Other operating expenses	1.5	-1.7	-4.9	-4.9	-5.6
Operating profit	**21.2**	**13.5**	**29.3**	**31.1**	**45.2**
Net financial items	-9.6	14.7	123.7	190.3	133.0
Profit after financial items	**11.6**	**28.2**	**153.0**	**221.4**	**178.2**
Appropriations [1]	5.1	-6.3	13.8	-8.1	-51.6
Pre-tax profit	**16.7**	**21.9**	**166.8**	**213.3**	**126.6**
Tax on profit for the period	-4.7	-3.7	-9.8	-5.2	1.7
Profit for the period	**12.0**	**18.2**	**157.0**	**208.1**	**128.3**

1 Appropriations have been calculated pro rata for the accounting period.

Parent Company Balance Sheet

SEK m.	31 Oct 2012	31 Oct 2011	30 Apr 2012
ASSETS			
Other intangible assets	4.4	4.1	5.6
Property, plant and equipment	104.6	111.6	106.7
Financial and other assets	1,897.1	1,246.8	1,425.2
Total non-current assets	**2,006.1**	**1,362.5**	**1,537.5**
Inventory	104.1	108.6	122.4
Current receivables	667.6	681.0	600.9
Cash and cash equivalents	-	-	-
Total current assets	**771.7**	**789.6**	**723.3**
TOTAL ASSETS	**2,777.8**	**2,152.1**	**2,260.8**
EQUITY AND LIABILITIES			
Equity	881.0	819.1	743.5
Untaxed reserves	78.8	106.2	92.7
Non-current liabilities, provisions	2.8	2.5	1.4
Non-current liabilities, interest-bearing	597.2	268.5	571.3
Total non-current liabilities	**600.0**	**271.0**	**572.7**
Current liabilities, interest-bearing	1,054.8	804.8	637.2
Current liabilities, non-interest-bearing	163.2	151.0	214.7
Total current liabilities	**1,218.0**	**955.8**	**851.9**
TOTAL EQUITY AND LIABILITIES	**2,777.8**	**2,152.1**	**2,260.8**

General accounting policies and principles

Systemair applies International Financial Reporting Standards (IFRS). This interim report was prepared for the Group in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 and IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and RFR 2. The accounting policies and methods of calculation applied for the Group and Parent Company accord with those used in preparing the most recent Annual Report. None of the new or revised standards, interpretations or improvements adopted by the EU for implementation from 1 May 2012, inclusive, have affected the Group in any way.

Note 1 - Acquisition analysis

The price paid to acquire 100% of the shares in HSK and Change Air may provisionally be broken down as follows:

Total historical cost, less costs of acquisition SEK 138.6 million

Identified net assets	HSK	Change Air	Total
Goodwill	71.1	21.3	92.4
Brands and customer relationships	30.1	20.9	51.1
Machinery and equipment	3.5	3.5	7.0
Financial and other assets	-	0.8	0.8
Inventory	16.4	14.5	30.9
Other current assets	40.5	17.9	58.4
Cash and cash equivalents	2.5	-	2.5
Non-interest-bearing liabilities (incl. deferred tax liability)	-5.3	-5.2	-10.5
Interest-bearing liabilities	-18.9	-15.0	-34.0
Other operating liabilities	-52.6	-7.4	-60.0
	87.3	51.3	138.6

Costs related to acquisition of subsidiaries amounted to SEK 1.9 million.

The total cash-flow effect from the acquisitions, including additional purchase considerations paid for prior years' acquisitions, totalled SEK -112.0 million.

Brands and customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 10 years.

The goodwill upon acquisition is attributable to the strong market position of the company acquired, synergy effects expected to emerge after the acquisition and the company's estimated future earning capacity.

Definitions of key ratios

Operating profit (EBIT)
Earnings before financial items and tax.

Growth
Growth is defined as the change in net sales, relative to net sales for the preceding period.

Operating margin
Operating profit divided by net sales.

Profit margin
Profit after financial items divided by net sales.

Return on capital employed
Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.

Capital employed
Total assets less non-interest-bearing liabilities.

Return on equity
Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest.

Number of employees
Number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.

Earnings per share
Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

Operating cash flow per share
Cash flow from operating activities for the period, divided by the average number of shares during the period.

Equity/assets ratio
Adjusted equity divided by total assets.

Equity per share
Equity divided by the number of shares at the end of the period.