Condensed financial information and commentary on financial development

Summary statement of income

Amounts in SEK m	2011 [1] Jan–Mar	2010 [1] Jan–Mar	2010 [2] Full year	2009 [2] Full year	2008 [3] Full year
Net Sales	**554**	**427**	**1,977**	**1,406**	**2,095**
Cost of goods sold	(410)	(336)	(1,505)	(1,179)	
Gross income	**144**	**91**	**472**	**227**	
Operating expenses	(86)	(101)	(363)	(343)	
Operating income/loss	**58**	**(10)**	**109**	**(116)**	**105**
Items affecting comparability [4]	(8)	(23)	(42)	(37)	(9)
Operating income before items affecting comparability	**66**	**13**	**151**	**(79)**	**114**
Depreciation and Amortization	18	23	101	107	106
EBITDA before items affecting comparability	**84**	**36**	**252**	**28**	**220**
Financial income and expense	(12)	(16)	(56)	(48)	
Earnings/loss before tax	**46**	**(26)**	**52**	**(164)**	
Taxes	(15)	(5)	(17)	30	
Net income/loss for the year	**31**	**(31)**	**35**	**(134)**	
Average number of shares (000') [5]	44,216	44,216	44,216	44,216	
EPS, SEK	0.70	(0.71)	0.79	(3.04)	
EPS, SEK, before items affecting comparability [6]	0.95	(0.04)	1.90	(2.15)	

[1] Combined quarterly interim report for the Concentric Group

[2] Combined annual financial statements for the Concentric Group

[3] Presented as reported in the segmental disclosure of Haldex annual report

[4] See "Items affecting comparability"on page 29 for further explanation

[5] Concentric AB's average number of shares assumes a 1:1 ratio to the number of shares of Haldex AB

[6] Adjusted for tax effects

Statement of comprehensive income

Amounts in SEK m	2011 Jan–Mar	2010 Jan–Mar	2010 Full year	2009 Full year	2008 Full year
Net income/ loss for the year	**31**	**(31)**	**35**	**(134)**	
Foreign currency translation difference	(58)	(22)	(67)	30	
Total comprehensive income/ loss	**(28)**	**(53)**	**(32)**	**(104)**	

Summary statement of cash flow

Amounts in SEK m	2011 Jan–Mar	2010 Jan–Mar	2010 Full year	2009 Full year	2008 Full year
EBITDA before items affecting comparability	**84**	**36**	**252**	**28**	**220**
Cash effect of items affecting comparability [1]	(8)	(23)	(23)	(12)	(9)
Change in working capital	(19)	63	60	87	
Net investments	(13)	4	(17)	(39)	
Operating free cash flow	**44**	**80**	**272**	**64**	

[1] See "Items affecting comparability"on page 29 for further explanation

Key Ratios

	2011 Jan–Mar	2010 Jan–Mar	2010 Full year	2009 Full year	2008 Full year
Sales growth, %	30.0%	6.0%	41%	(33%)	
Sales growth, like for like, % [1]	41.0%	19.0%	53%	(45%)	
Gross margin, %	25.9%	21.2%	23.9%	16.2%	
EBITDA margin before items affecting comparability, %	15.1%	8.5%	12.7%	2.0%	
EBITDA margin, %	13.7%	3.1%	10.6%	(0.6%)	
Operating margin before items affecting comparability, %	11.9%	3.0%	7.6%	(5.6%)	5.4%
Operating margin, %	10.4%	(2.3%)	5.5%	(8.2%)	5.0%
ROCE, % [2]	14.4%	(6.0%)	8.8%	(6.7%)	8.2%
ROCE before items affecting comparability % [2]	16.5%	(1.5%)	12.1%	(4.4%)	
Working capital as a % of sales [2]	(1.2%)	(5.1%)	(2.2%)	(1.8%)	(1.2%)
Average number of employees	1,146	1,457	1,279	1,635	2,335

[1] Sales adjusted for currency fluctuation and divested operation and acquisitions, see "Net sales and earnings" on page 30

[2] Annualised basis

Summary Balance Sheet

Amounts in SEK m	2011 [1] Mar 31	2010 [1] Mar 31	2010 [2] Dec 31	2009 [2] Dec 31	2008 [3] Dec 31
ASSETS					
Fixed assets					
Goodwill	470	542	494	558	
Other intangible fixed assets	405	498	432	515	
Tangible fixed assets	184	258	200	286	
Financial fixed assets	7	41	67	42	
Loans receivable	–	174	–	172	
Current assets					
Current assets, excluding liquid funds	478	446	435	425	
Liquid funds	273	255	257	217	
TOTAL ASSETS	**1,817**	**2,213**	**1,885**	**2,215**	**2,028**
EQUITY AND LIABILITIES					
EQUITY	**722**	**646**	**699**	**705**	
Long-term liabilities					
Interest-bearing long-term liabilities	116	717	126	732	
Non-interest-bearing provisions	68	155	139	162	
Current liabilities					
Non-interest-bearing	505	535	479	449	
Interest-bearing current	405	160	442	167	
Total current liabilities	**911**	**696**	**921**	**616**	
TOTAL EQUITY AND LIABILITIES	**1,817**	**2,213**	**1,885**	**2,215**	
Working Capital	**(26)**	**(90)**	**(44)**	**(26)**	
Capital Employed	**1,243**	**1,349**	**1,267**	**1,431**	
Net Debt	**248**	**448**	**311**	**510**	

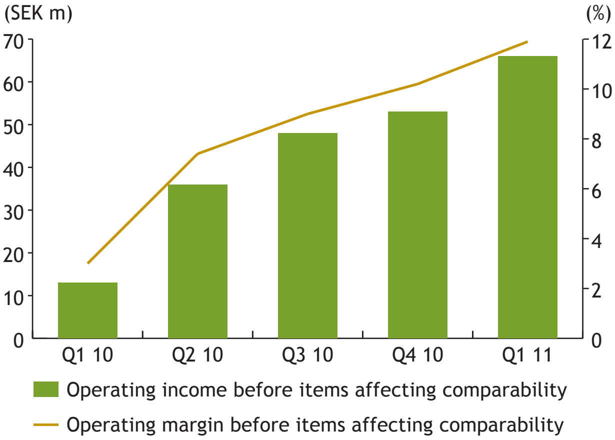
[1] Combined quarterly interim report for the Concentric Group
[2] Combined annual financial statements for the Concentric Group
[3] Presented as reported in the segmental disclosure of Haldex annual report

Quarterly trend

	2011	2010			
Amounts in SEK m	Q1	Q4	Q3	Q2	Q1
Net sales	**554**	**520**	**537**	**493**	**427**
Operating income/loss	58	53	48	17	(10)
Operating margin, %	**10.4%**	**10.2%**	**9.0%**	**3.5%**	**(2.3%)**
Items affecting comparability [1]	8	–	–	19	23
Operating income before items affecting comparability	66	53	48	36	13
Operating margin before items affecting comparability, %	**11.9%**	**10.2%**	**9.0%**	**7.4%**	**3.0%**

[1] See "Items affecting comparability"on page 29 for further explanation

Quarterly trend



Definitions

EBITDA

Earnings before interest, taxes, depreciation and amortisation

EPS – Earnings per share

Net income for the year divided by average number of shares.

Gross margin

Gross profit, i.e., net sales less cost of goods sold, as a percentage of net sales.

Net debt

Total interest-bearing liabilities less liquid funds.

Operating or EBIT margin

Operating income as a percentage of net sales.

ROCE – Return on capital employed

Operating income plus interest income as a percentage of total assets less non-interest-bearing liabilities.

Working capital

Current assets excluding liquid funds less non-interest-bearing current liabilities.

Basis for preparation

The condensed financial information is based on the combined financial statements for the Concentric Group for the years 2010 and 2009 and the consolidated financial statements for the first quarter of 2011. The combined financial statements for 2010 and 2009 have been audited (see "Auditor's report on historical financial statements" on page 99) and the consolidated financial statements for the period January 1–March 31, 2011 have been reviewed (see "Review report" on page 48).

The combined financial statement is based on the uniting of interests model (predecessor accounting). This method requires that the assets and liabilities of the combining entities are presented using the book values for the highest level of common control (i.e., Haldex) for which financial statements are prepared and the transaction is presented as if it had taken place at the beginning of the earliest period presented (i.e., comparatives are restated). For example, to calculate the expenses for tax and financing, the combined financial statements use the amounts that were allocated to the Hydraulic Systems Division of Haldex in these periods. As Hydraulic Systems Division was part of the Haldex Group for tax and finance purposes, these amounts are not the same as they would have been, if the Hydraulic Systems Division had been a standalone entity. The combined financial statements do not therefore show the results of the Concentric Group as if it had been a fully stand-alone entity. See note 2 in "Historical financial statements" for a more detailed explanation of the basis of preparation.

It should be noted that Concentric pays management fees to Haldex for certain services received. The costs of such services have been allocated to the entity based on the most relevant allocation method to the service provided, primarily based on relative percentage of total revenue. Management believes such allocations are reasonable; and are indicative of the actual expense that would have been incurred had the entity been operating as an independent company for the periods presented.

The financial information for the year 2008, and commentary on the development in 2008 is taken from the Haldex annual report and supporting documentation, and the information on the Hydraulic Systems Division contained therein. This information was prepared as part of Haldex's segment reporting. In April 2008 the Haldex Group acquired Concentric plc. The financial information for 2008 has not been restated to show the effect of including Concentric plc for the whole financial year. The financial information for 2008 therefore only includes the contribution from Concentric plc for the rest of the year. Consequently the financial information for 2008 is not directly comparable to the financial information for 2009 and 2010.

Introduction

The following notes are intended to facilitate the understanding and evaluation of the trends and developments affecting the Company's results and financial position. Historical results do not necessarily provide an accurate indication of future performance. The following is intended to be read together with the Company's audited combined financial statements for the financial years 2010 and 2009, as well as its reviewed consolidated financial statement for the period January 1–March 31, 2011, prepared in accordance with IFRS accounting regulations. This section contains future-oriented statements dependent upon future events, risks, and uncertainties, including those described in "Risk factors" on page 6. The Company's actual results may deviate significantly from the results referred to, or suggested in, these future-oriented statements for a variety of reasons, including, but not restricted to, the risks described below and elsewhere in this prospectus. Reported amounts are rounded off to the nearest million SEK, while calculations are carried out using multiple decimal points. Percentages are reported with one decimal point, and have also been rounded off. Note that the rounding off of figures may give the impression that certain calculations do not add up. Figures in brackets represent the previous year's comparable figure.

Commentary on financial development

Concentric is a global company, and sales are driven by demand for machinery in its four major end markets. These markets exhibit different growth characteristics in different geographical regions. In addition to cyclical movements in end markets, there are two trends that have driven and will continue to drive Concentric sales: tightening emissions regulation and infrastructure investment in developing economies. As a manufacturing company with fixed capacity cost relating to the manufacturing footprint, sales volumes are the most important driver of profitability. The effects of the recession and subsequent recovery can be clearly seen in the operating income margin. The management reacted promptly to optimize the performance of the business during and after the recession, and made several actions of a one-off nature. The financial information is therefore presented both including and excluding these one-off items, to allow an assessment of underlying profitability. The recovery from recession has also been rapid, and to illustrate this, the Company includes in this section quarterly information for the full year 2010. The Company has a strong focus on cash flow and attempts to manage its working capital and capital employed efficiently.

Net sales and earnings

Haldex AB acquired Concentric plc in April 2008, thereby creating the enlarged Haldex Hydraulic Systems Division. Later in 2008, the Company was affected by the global financial crisis, with significant effects on the business. Adjusted for acquisitions, divestments and exchange rate fluctuations, sales fell in 2009 by 45 percent compared to 2008, and rose by 53 percent in 2010, such that 2010 sales represents 84 percent of the sales for 2008 as if Concentric plc had been owned for the whole of 2008.

The operating margin before items affecting comparability was 5.4 percent in 2008, declining to –5.6 percent in 2009, returning to 7.6 percent in 2010 and rising to 11.9 percent in the first quarter 2011.

Through its internal operations, Concentric is exposed to exchange rate fluctuations having an adverse impact on the Group's earnings, balance sheet and/ or cash flows. The impact of foreign currency translation differences is included in the statement of comprehensive income and for 2010 it had an adverse effect of SEK 67 m (favourable: 30), taking the total comprehensive result for 2010 to a loss of SEK 32 m (loss: 104). Historically this exposure has been managed outside the Concentric Group at the Haldex level. The future hedging strategy for Concentric is described in "Foreign currency exposure" on page 41.

Managing the recession

The financial crisis that began in the autumn of 2008 had a severe effect on industrial manufacturing companies, including Concentric. The Company was faced with unprecedented falls in end market demand, and management reacted swiftly to maintain the performance of the business. In the first quarter 2009 sales on a comparable basis fell by 31 percent compared to the same quarter in 2008, reaching a low point in the third quarter 2009 where sales fell by 46 percent on the same basis.

Management's strategy to the downturn was as follows: flex blue collar staff and variable overheads in line with sales; force through material escalator pass through agreements with customer base; seek opportunistic new contracts from competitor distress; remove surplus and non value-adding capacity and protect key staff and know-how, to secure growth post the recession.

The headcount for the business fell from 2,662 employees at the date of acquisition of Concentric PLC Group to 1,156 employees by the end of 2010. Of the total headcount reduction approximately 800 refers to the disposal of the Qingzhou, China operations. The effects of the strategy can be seen in cost ratios across the period.

Cost ratios through the recession

As a percentage of Net Sales, %	2010 Full year	2009 Full year
Direct material costs	48.8%	50.6%
Personnel costs	24.5%	31.2%
Other operating costs	16.1%	18.8%

Material costs, which accounted for over 50 percent of sales in 2008 have been reduced to 48.8 percent in 2010. Total personnel costs constituted about 26 percent of sales in 2008, and rose in 2009 as a result of the drop in sales, declining to 24.5 percent in 2010.

In addition to the capacity cost cuts made through the recession, the Group has also taken further restructuring actions such as selling a majority interest in its operation in Qingzhou, China, in April 2010 and completing the closure of its operations in Statesville, the United States, in December 2010.

Items affecting comparability

The measures taken to manage the recession entailed certain expenses, which have been taken by the business when they occurred. There are no plans to do any restructuring of this nature for the foreseeable future. Management believes it is appropriate to consider operating income both including and excluding these items affecting comparability.

Items affecting comparability

Amounts in SEK m	2011 Jan–Mar	2010 Jan–Mar	2010 Full year	2009 Full year	2008 Full year
Operating income/loss [1]	**58**	**(10)**	**109**	**(116)**	**105**
Operating margin, %	*10.8%*	*(2.3%)*	*5.5%*	*(8.2%)*	*5.0%*
Items affecting comparability:					
Restructuring costs (cash) [2]	–	23	23	12	9
One-off costs associated with the separation (cash) [3]	8	–	–	–	–
Non cash restructuring items [4]	–	–	19	25	–
Total items affecting comparability	**8**	**23**	**42**	**37**	**9**
Operating income/loss before items affecting comparability	**64**	**13**	**151**	**(79)**	**114**
Operating margin, % before items affecting comparability	*11.9%*	*3.0%*	*7.6%*	*(5.6%)*	*5.4%*

[1] The operating income and operating margin for 2008 is presented as reported in the segmental disclosure of Haldex annual report

[2] Headcount reduction and Stateville site closure

[3] Duplicate corpororate cost and transaction costs

[4] Related to sale and property impairment of operations in Quingzhou, China

2010 compared with 2009

Sales and operating income per operating segment

Amounts in SEK m	2010 Full year	2009 Full year
Sales		
Americas	1,068	796
Europe & RoW	909	610
Total Group	**1,977**	**1,406**
Operating income		
Americas	62	17
Europe & RoW	47	(132)
Total Group	**109**	**(116)**
Items affecting comparability		
Americas	17	4
Europe & RoW	25	33
Total Group	**42**	**37**
Operating income before items affecting comparability		
Americas	79	21
Europe & RoW	71	(100)
Total Group	**151**	**(79)**
Operating margin before items affecting comparability, %		
Americas	7.4%	2.6%
Europe & RoW	7.8%	(16.4%)
Total Group	**7.6%**	**(5.6%)**
Average number of employees		
Americas	417	461
Europe & RoW	862	1,174
Total Group	**1,279**	**1,635**

Net sales and earnings

In 2010 end markets recovered from the recession and demand rebounded. Net sales totaled SEK 1,977 m (1,406). Adjusted for divestments and exchange rates, sales increased 53 percent compared with the year-earlier period.

The market recovery in North America was 3–6 months ahead of Europe in all sectors except for construction. Inventory replenishment programs were largely completed in North America by the end of the third quarter but extended into the fourth quarter in Europe. There was also some Tier 4 pre-buy impact in the third quarter which reversed out during the fourth quarter. Late cycle improvements were seen in larger construction and industrial equipment across both regions during the fourth quarter.

Operating income amounted to SEK 109 m (loss: 116) and the operating margin was 5.5 percent (negative: 8.2). A restructuring cost of SEK 23 m (12) was expensed as part of the cost reduction program. A capital loss of approximately SEK 19 m relating to the divestment of the HHQ operation in Qingzhou, China was also expensed during the year. Excluding the effects of the items affecting comparability, the operating margin in 2010 was 7.6 percent (5.6).

Operating margins are similar in both operating segments, as the Company aims to achieve consistent profitability across its segments and its various geographies and end markets.

Exchange rate fluctuations, losses on currency hedges and currency translation effects had an adverse effect on Group's operating income of SEK 12 m compared with 2009.

Consolidated income before tax amounted to SEK 52 m (loss: 164). Earnings after tax amounted to SEK 35 m (loss: 134).

Cost-reduction program

The previously announced merger of two of the Group's production units in the United States into one plant was completed in the fourth quarter according to plan. Personnel cutbacks were implemented during the second quarter in the Group's plant in Hof, Germany. The total annualized savings from these actions amounted to approximately SEK 44 m. The total restructuring cost incurred was SEK 23 m which was fully expensed in the first quarter 2010.

The Group concluded the divestment of its HHQ operations in Qingzhou, China during the second quarter and a capital loss of approximately SEK 19 m was charged. The Group has maintained a minor participation in the company.

Capital employed and working capital

The Group's capital employed amounted to SEK 1,267 m (1,431). Adjusted for exchange rate movements the capital employed decreased by SEK 255 m. The reduction, excluding exchange rate movements, in capital employed was mainly due to depreciation and amortization and settlement of intercompany balances with Haldex companies outside the Concentric Group. The total tangible and intangible fixed assets amounted to SEK 1,126 (1,359) of which intangible fixed assets was SEK 926 m (1,072). Intangible assets, goodwill and patents, predominantly derives from the acquisition-related surplus values relating to the acquisition of Concentric in 2008. Impairment tests on intangible assets, goodwill and patents, indicated no impairment. Through strong working capital management of inventories, accounts receivable and accounts payable, the absolute levels have remained very low at SEK –44 m (negative: 26) despite rising sales activity levels. The return on capital employed was 8.8 percent (negative: 6.7). Excluding items affecting comparability, the return on capital employed in 2010 was 12.1 percent (negative: 4.4). Working capital was –2.2 percent of net sales at the end of 2010 (negative: 1.8).

Capital employed in the Americas operating segment amounted to SEK 471 m and in the Europe and the RoW SEK 812 m. The major difference in capital employed between the operating segments can be explained by the distribution of acquisition-related surplus values relating to the acquisition of Concentric in 2008 and the uneven distribution of cash.

Financial items and tax

Financial expenses incurred during the year amounted to SEK 56 m (48). These costs consisted mainly of interest on loans, pension liabilities and commission relating to commitments of unutilized credit facilities.

The Group's tax expenses amounted to SEK 17 m (income: 30), equal to a tax rate of 33 percent (18). The reason for the high tax rate was that the capital loss on the divested operations in China was non-deductible, combined with increased earnings in the United States.

Cash flow

Cash inflow from operating activities amounted to SEK 204 m (92), cash outflow from investing activities amounted to SEK 17 m (39) and cash outflow from financing activities amounted to SEK 131 m (65). As noted above, working capital levels were well managed as sales levels increased. The strong cash inflow, combined with a weakening of several currencies against the SEK, decreased the Group's net debt, which amounted to SEK 312 m (510) at the end of the period. Cash and cash equivalents totaled SEK 257 m (217).

Summary statement of cash flow

Amounts in SEK m	2010 Full year	2009 Full year
EBITDA before items affecting comparability	**252**	**28**
Cash effect items affecting comparability [1]	(23)	(12)
Change in working capital	60	87
Net investments	(17)	(39)
Operating free cash flow	**272**	**64**
Reversal of net investments	17	39
Interest costs	(33)	(36)
Taxes paid	(52)	25
Cash flow from operating activities [2]	**204**	**92**

[1] See "Items affecting comparability"on page 29 for further explanation

[2] As per IFRS description

Investments

The Group's net investments totaled SEK 17 m (39), of which capitalized development costs accounted for SEK 3 m (12). Gross investments in tangible fixed assets totaled SEK 23 m (27), with the balancing minus 9 m (nil) derived from proceeds for U.S. equipment leases finalized during the first quarter.

The proceeds received from the divestment of the HHQ Qingzhou operations were paid directly to a Haldex AB subsidiary outside the Concentric Group in settlement for outstanding inter-group loans. As such, these proceeds have not been included in the Group's cash flow from investments.

Equity

Shareholders' equity amounted to SEK 699 m (705), resulting in a net debt/ equity ratio of 44 percent (72).

2009 compared with 2008

Sales and operating income per operating segment

Amounts in SEK m	2009 Full year	2008 [1] Full year
Sales		
Americas	796	1,085
Europe & RoW	610	1,010
Total Group	**1,406**	**2,095**
Operating income		
Americas	17	
Europe & RoW	(132)	
Total Group	**(116)**	**105**
Items affecting comparability		
Americas	4	
Europe & RoW	32	
Total Group	**37**	**9**
Operating income before items affecting comparability		
Americas	21	
Europe & RoW	(100)	
Total Group	**(79)**	**114**
Operating margin before items affecting comparability, %		
Americas	2.6%	
Europe & RoW	(16.4%)	
Total Group	**(5.6%)**	**5.4%**
Average number of employees		
Americas	461	
Europe & RoW	1,174	
Total Group	**1,635**	**2,335**

[1] Presented as reported in the segmental disclosure of Haldex annual report.

The financial information for the year 2008, and commentary on the development in 2009 is taken from the Haldex 2009 annual report and supporting documentation, and the information on the Hydraulic Systems Division contained therein. This information was prepared as part of Haldex's segment reporting. In April 2008 the Haldex Group acquired Concentric plc. The financial information for 2008 herein only includes the contribution from Concentric plc for the rest of the financial year. Consequently the financial information for 2008 is not directly comparable to the financial information for 2009 and 2010.The Haldex Hydraulic Systems Division did not have the same operative and reporting structure as Concentric plc, and its results cannot be broken down in the same way.

Net sales and earnings

The Group's sales amounted to SEK 1,406 m (2,095). Adjusted for acquisitions and exchange rate fluctuations, sales were down 45 percent year on year. The decline in market demand that began in the second half of 2008 continued through the second quarter of 2009 but began to stabilise during the third quarter.

The Group's sales for Europe and RoW amounted to SEK 610 m (1,010). Adjusted for acquisitions and exchange rate fluctuations, sales were down approximately 51 percent year on year. Europe was hit hardest by the deterioration in demand, which reached its trough around midyear 2009, at a time when customers were still selling from inventory.

The Group's sales for the Americas amounted to SEK 796 m (1,085). Adjusted for acquisitions and exchange rate fluctuations, sales were down 40 percent year on year. A distinct increase in demand occurred during the fourth quarter of 2009, primarily as a result of pre-buy effects prior to new emissions legislation for diesel engines, which came into effect in early 2010 in North America.

The reported operating loss amounted to SEK –116 m (income: 105), representing an operating margin of –8.2 percent (5.0). This operating margin is after deducting restructuring expenses of SEK 12 m (9), amortisation of acquisition related surplus values of SEK 31 m (32) and an impairment loss on property of SEK 25 m (nil). Exchange rate fluctuations, currency hedges and currency translation effects had a favourable effect on the Group's operating income of SEK 6 m compared with 2008.

Employees and capacity costs

The average number of employees for 2008 of 2,335 represents a headcount reduction of 527 from the date of acquisition of Concentric plc to the end of the year. This reduction reflects the initial flex of the business made by management to address the lower activity levels experienced in the second half of 2008.

During 2009 a further 503 employees were taken out of the business to adjust for the reduced activity levels, thereby reducing the average number of employees for 2009 to 1,635.

Net financial items and tax

Net financial expenses incurred during the year amounted to SEK 48 m (67). These costs consisted mainly of interest on loans, pension liabilities and commission relating to commitments of unutilized credit facilities.

The Group's tax income amounted to SEK 30 m (expense: 14), equal to a tax rate of 18 percent (37). The low effective tax rate reflects unrecognised deferred tax assets in respect of losses.

Capital employed and working capital

Total capital employed amounted to SEK 1,431 m. The Group's total tangible and intangible fixed assets amounted to SEK 1,359 (1,334) of which intangible fixed assets was SEK 1.072 m (1,131). Intangible assets, goodwill and patents, predominantly accounts for the surplus values relating to the acquisition of Concentric in 2008. The currency effect on intangible assets was minus SEK 20 m. Impairment tests on intangible assets, goodwill and patents indicated no impairment. Excluding currency effects, the principal movements in the year were depreciation and amortization SEK 107 m (106) and net investments of SEK 39 m (88), of which capitalized development costs accounted for SEK 12 m (12).

Total working capital amounted to SEK –26 m (66), representing a cash inflow of SEK 87 m derived from working capital improvements achieved during the year after adjusting for currency effects.

Cash flow

The Group's net cash flow from operating activities after net investments amounted to SEK 53 m (126). This included interest payments of SEK 36 m (42) and tax refunds of SEK 25 m (payments: 32).

Sensitivity analysis

Concentric's results are influenced by a variety of factors, among them those treated in this section and in "Risk factors". The table below illustrates the hypothetical effects on the Company's results for the full year 2010 in the event certain factors change. These calculations are hypothetical, and are not to be seen as an indication that these factors are more or less likely to change, or, if they change, the size of that change. Actual change, and its effects, may be more or less significant than what is stated in the table. The sensitivity analysis should therefore be interpreted with caution.

Prices of raw materials are not included in the sensitivity analysis, as rising prices are assumed to be offset through higher prices for Concentric's products.

Sensitivity analysis 2010

Effect	Change percentage points	Sales SEKm	EBIT [1] SEKm
Exchange rate EUR / SEK	+ / – 1%	2.0	1.2
Exchange rate USD / SEK	+ / – 1%	10.7	1.4
Exchange rate GBP / SEK	+ / – 1%	2.9	0.1
Sales volume	**+ / – 1%**	**19.8**	**5.0**

[1] Total (translation and transaction) foreign currency effect on operating income.

Summary of interim report January 1–March 31, 2011

Net sales and earnings

Sales amounted to SEK 554 m (427). Adjusted for exchange-rate fluctuations, sales increased by 41 percent compared with the corresponding period in the preceding year. The positive trend in all Concentric's market segments and regions in 2010 continued into the first quarter of 2011. Inventory replenishment has been largely completed and the Company is experiencing stable sustained demand with orders broadly matching sales. Hire fleets replacing aging construction machinery overdue in the replacement cycle and a Tier 4 pre-buy for 56–130 KW off-road diesel engines, have both helped to drive demand during the quarter, as well as market share growth in India and China.

Increasing commodity prices continue to put significant pressure on the Group's material cost base. However during the quarter, the Group has been successful via existing material escalator agreements with passing through raw material increases to its customer base. Earnings before interest and taxation ("EBIT" or "Operating Income") and EBIT margin amounted to SEK 58 m (loss: 10) and 10.4 percent (minus: 2.3) respectively. After adjusting for SEK 8 m of separation and duplicate corporate charges in the period, the comparable EBIT margin for the first quarter of 2011 versus the fourth quarter of 2010 is 11.9 percent. Earnings after tax amounted to SEK 31 m (loss: 31). Earnings per share amounted to SEK 0.70 (minus: 0.71).

Cash flow and net debt

Cash flow from operating activities remained strong and amounted to SEK 30 m (58) for the first quarter 2011, despite the pressures of strong sales growth and the refinancing of certain inter-company balances with Haldex, totalling SEK 13 m for the quarter. This is primarily due to strong management of working capital, which remains negative.

During the first quarter of 2011, Haldex AB made a capital contribution of SEK 50 m into Concentric. As a result, the Group's closing equity was SEK 722 m versus SEK 699 m at the end of 2010, bringing the debt:equity ("gearing") ratio to 34 percent (69). The impact of several currencies weakening against the SEK over the last 12 months has also reduced the Group's net debt. The combined impact of the capital contribution, currency fluctuations and strong cash flow has decreased the Group's net debt to SEK 248 m by 31 March 2011 versus SEK 311 m at the end of 2010. Cash and cash equivalents totaled SEK 273 m (255). Excess cash balances reflect the current cash pooling arrangements with Haldex AB.

Capital Employed at the end of the first quarter was SEK 1,243 m versus SEK 1,267 m at the end of 2010, after taking account of foreign currency translation differences of SEK –58 m. Investments for the first quarter were SEK 13 m (–4 m)

New financing agreements have been signed during the first quarter with a couple of banks, securing EUR 40 m (approximately SEK 360 m) of multi-currency credit facilities for a term of 3 years. In addition, an agreement has been made with Haldex AB's bondholder to novate SEK 175 m of the current bond facility to Concentric.