NEFAB

Interim Report, January – September 2005

- Invoicing amounted to SEK 1,091 M (969), up 13%. SEK 38 M of invoicing was attributable to acquired companies. Most of the increase in invoicing derived from customers in the Industrial segment.
- Profit after financial items totaled SEK 86 M (96). Net profit amounted to SEK 65 M (70). Profit after financial items was charged with SEK 18 M (1) related to restructuring of production in Europe.
- Earnings per share amounted to SEK 2.34 (2.53).
- The financial position remains strong. The equity/assets ratio was 53.5% (52.1) and the liquidity reserve amounted to SEK 273 M (341).
- Restructuring of production in Europe is virtually completed.

Third quarter of 2005
Invoiced sales in the third quarter remained favorable and amounted to SEK 375 M (341), up 10% compared with the year-earlier period. Sales invoiced by acquired companies accounted for approximately SEK 10 M of the increase in invoicing. Order bookings amounted to SEK 362 M (338), an increase of 7%.

The increase in sales pertained mainly to the Industrial segment. Geographically, the growth in invoicing is relatively evenly distributed among the different regions, with the exception of companies in the Nordic region, where invoicing showed a small decline.

Profit after financial items during the third quarter amounted to SEK 33 M (35). Earnings were charged with a total of about SEK 8 M in costs related to closing of the plant in Germany and the establishment of a new unit in Slovakia as well as other closing costs related to restructuring of production in Europe. This virtually concludes the restructuring project initiated last year. Approximately 40% of the Group's production capacity of export packaging in Europe is now located in so-called low-cost countries.

Cash flow after investing activities during the quarter was SEK 26 M (16).

First nine months of 2005
Invoicing during the first nine months of the year amounted to SEK 1,091 M (969), up 13% compared with the year-earlier period. Sales invoiced by acquired companies accounted for SEK 38 M of the increase in invoicing. Order bookings during the nine-month period amounted to SEK 1,086 M (992), an increase of 9%.

The development from being a product-oriented company to becoming a supplier of complete packaging solutions continues. During the nine-month period, the share of trading products and services accounted for 30% of invoicing (28).

Nordic countries
Invoicing from companies in the Nordic region was virtually unchanged from the preceding year and amounted to SEK 343 M (342) during the nine-month period.

Operating profit in the region amounted to SEK 31 M (31).

Europe (excluding Nordic region)
Invoicing from companies in the Rest of Europe during the first nine months of 2005 amounted to SEK 470 M (395), up 19%. Sales invoiced by acquired companies accounted for SEK 35 M, corresponding to almost half of the increase in invoicing.

Continued favorable development was noted in Eastern Europe. Growth in invoicing in the Benelux countries was favorable during the period, in partly due to the acquisition of Packinn in Belgium and Bijl of the Netherlands. A favorable invoicing trend was also noted in Spain.

In early April the packaging company Bijl B.V. of the Netherlands was acquired. The acquired company has sales of slightly less than SEK 40 M with eight employees. The Group's net earnings include SEK 0.6 M from the acquired unit, after a charge for the amortization of surplus value. The acquired company will be successively integrated with Nefab's existing operations in the Netherlands.

In September the Franz Steffl Verpackung operation in Austria was acquired. Together with Nefab's existing invoicing in the Austrian market, the newly formed company is expected to invoice approximately EUR 2 M annually.

The decision has been made to establish a sales company in Romania. This market is currently being served through Nefab's Hungarian company.

Operating profit in the region amounted to SEK 35 M (54), following a charge of about SEK 14 M for restructuring production in Europe, while the preceding year included a capital gain of SEK 1 M.

Asia and America
Invoicing from companies in Asia, as well as North and South America, amounted to SEK 278 M (232) for the nine-month period, up 20%.

Invoicing in Asia increased by 9% during the nine-month period to SEK 168 M (155).

A new plant, the third in China, was established this autumn. Operations include manufacturing of cushioning and corrugated packaging.

Invoicing in North and South America rose sharply during the report and amounted to SEK 110 M (78), an increase of 41%. Operations in North and South America have had an adverse impact on the Group's earnings for some time. However, a not so insignificant surplus was generated during the first nine months of the year.

Operating profit for the Asia and America segment amounted to SEK 20 M (15). The preceding year included a capital gain of SEK 2 M from the divestment of a property.

Telecom
Invoicing to customers in the telecom industry increased 6% to SEK 404 M (381), corresponding to 37% (39) of consolidated sales.

Automotive
Invoiced sales to customers in the automotive industry rose 2% to SEK 109 M (107), corresponding to 10% (11) of consolidated sales.

Industrial
Invoicing to the industrial segment rose 20% to SEK 578 M (481). The positive trend continues, with the segment now accounting for 53% (50) of total invoicing. About SEK 38 M of the SEK 97 M increase was attributable to acquired units.

Earnings
Profit after financial items during the nine-month period amounted to SEK 86 M (96).

Profit was charged with costs of about SEK 18 M (1) related to the restructuring of production in Europe. The gross margin is declining as a result of the increase in trading activities, at the same time as prices for input materials in production have risen. Some of the increase in raw material prices could be offset through price hikes.

Profit after financial items during the nine-month period included exchange-rate gains of SEK 2 M. Earnings in the preceding year included a gain of about SEK 3 M on the divestment of properties.

Terms for the company president's pension have been changed, resulting in a reduction in the retirement age from 65 to 60 years. This change involves a one-time pension premium payment of SEK 2.3 M, along with SEK 0.6 M for the employer's tax contribution. The expenses were against operating profit in the third quarter. In future fiscal years, this change will involve an increase in the annual pension costs for the president by approximately SEK 100,000.

The company's provisions for future recovery of return packaging have been reconsidered, resulting in the dissolution of SEK 3 M in provisions. This dissolution was credited to the Group's operating profit for the third quarter.

Accordingly, profit after net financial items, excluding restructuring costs, amounted to SEK 104 M (97). The net margin, after adjustment for restructuring items, amounted to 9.5% (10.0).

Earnings per share for the nine-month period amounted to SEK 2.34 (2.53). The return on shareholders' equity was 18.7% (23.1), compared with the company's goal of at least 15%.

NEFAB

Capacity and investments
Net investments by the Group during the nine-month period amounted to SEK 67 M (26), including SEK 43 M (0) for the establishment in Slovakia. Company acquisitions of SEK 18 M are also included.

Financial position
The equity/assets ratio at September 30 was 53.5% (52.1) and shareholders' equity per share amounted to SEK 17.20 (15.53). Group liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 273 M (341).

Cash flow after investing activities during the nine-month period was a negative SEK 45 M, compared with a positive cash flow of SEK 37 M a year earlier. Of the total cash flow, a negative SEK 50 M (0) was attributable to the build-up of operations in Slovakia and negative SEK 20 M (neg: 14) to company acquisitions. In addition, operating capital increased due to higher invoicing volumes.

Accounting principles
As of 2005, Nefab reports in accordance with IFRS (International Financial Reporting Standards). Compared with the most recent annual report, the accounting principles have changed as a result of the transition to IFRS. The new principles and the effect of the transition to IFRS are described in the 2004 Annual Report, page 35, and in Note 1 below.

Share split
Following a resolution by the Annual General Meeting, which was implemented at the beginning of June, the par value of the Nefab share was changed. As a result of the change, the number of shares in the company rose fourfold.

Nomination of Board members
The company's principal owners have formed a Nomination Committee with representatives from larger owners of the company. The Committee comprises Jochum Pihl (family Nordgren/Pihl), Caroline af Ugglas (Skandia) and Johan Lannebo (Lannebo Fonder), who work with the Board Chairman Björn Svedberg. The task of the Nomination Committee is to present proposals for election of Board members, the auditors and their remuneration. Shareholders are requested to submit proposals to any of the Committee's members. Contact information is available from Nefab's head office – Nefab AB, Box 2184, SE-550 02 Jönköping, tel. +46 (0)771-59 00 00, telefax +46 (0)36-15 04 44, e-mail info@nefab.se

Financial reports

Year-end report, 2005	February 15, 2006
Interim report, January-March 2006	April 26, 2006
Annual General Meeting	May 18, 2006
Interim report, January-June 2006	August 16, 2006

For further information, please contact President and CEO Lars-Åke Rydh (tel: +46-70-592 45 70; e-mail lars-ake.rydh@nefab.se) or CFO Anna Stålenbring (tel: +46-70-814 23 44; e-mail anna.stalenbring@nefab.se).

The report has been prepared in accordance with International Financial Reporting Standards (IFRS).

Stockholm, October 26, 2005

Lars-Åke Rydh,
President and CEO

Auditors' Review Report

I have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR).

A review is significantly limited in comparison with an audit.

Nothing has come to my attention that causes me to believe that the interim report does not meet the requirements of the Swedish Securities and Clearing Operations Act and the Annual Accounts Act.

Stockholm, October 26, 2005

Bo Magnusson
Authorized Public Accountant
Deloitte AB

NEFAB

Profit and loss accounts (SEK M)

	0507-0509 3 months	0407-0409 3 months	**0501-0509 9 months**	0401-0409 9 months	0410-0509 12 months	0401-0412 12 months
Net sales	**375**	341	**1 091**	969	1 441	1 319
Cost of goods sold	**-271**	-249	**-799**	-693	-1 059	-954
Gross profit	**104**	92	**292**	276	382	365
Selling expenses	**-44**	-36	**-127**	-111	-164	-147
Administrative expenses	**-28**	-21	**-84**	-69	-108	-93
Other operating income	**2**	-	**4**	3	3	2
Operating profit	**34**	35	**85**	99	113	127
Net financial items	**-1**	-	**1**	-3	-	-4
Profit after net financial items	**33**	35	**86**	96	113	123
Taxes	**-8**	-10	**-21**	-26	-27	-32
Net profit for the year	**25**	25	**65**	70	86	91
Depreciation included above	***13***	*11*	***35***	*33*	*46*	*45*
Profit per share, SEK	***0,89***	*0,90*	***2,34***	*2,53*	*3,10*	*3,29*

Balance sheets (SEK M)

	050930	040930	050930	041231
Intangible assets	**39**	16	39	23
Tangible assets	**276**	248	276	247
Financial assets	**13**	7	13	6
Inventories etc.	**132**	118	132	113
Current assets	**353**	312	353	296
Cash and bank	**77**	123	77	151
Equity	**475**	429	475	444
Provisions	**49**	53	49	48
Long-term liabilities	**53**	61	53	52
Current liabilities	**313**	281	313	292
Balance sheet total	**890**	824	890	836
Of which interest-bearing liabilities	***117***	*106*	*117*	*94*

Cash flow statements (SEK M)

	0507-0509	0407-0409	**0501-0509**	0401-0409	0410-0509	0401-0412
Operating profit	34	35	85	99	113	127
Depreciation, financial net and taxes	3	1	14	4	36	26
Cash flow from the year´s operations	37	36	99	103	149	153
Changes in working capital	-8	-14	-77	-40	-59	-22
Net investments in fixed assets	-3	-6	-67	-26	-88	-47
Cash flow after investments	26	16	-45	37	2	84
Dividend	-	-	-50	-21	-50	-21
Financing	-5	-11	21	-58	2	-77
Changes in liquid funds	21	5	-74	-42	-46	-14

NEFAB

Key ratios

Key ratios	**0507-0509**	0407-0409	**0501-0509**	0401-0409	0410-0509	0401-0412
Gross margin, %	**27.9**	27.2	**26.8**	28.4	26.5	27.7
Operating margin, %	**9.0**	10.4	**7.8**	10.2	7.8	9.6
Net margin, %	**8.7**	10.2	**7.9**	9.9	7.8	9.3
Return on equity, %	**21.3**	23.7	**18.7**	23.1	18.9	22.2
Return on total capital, %	**15.7**	17.7	**13.5**	16.8	13.4	16.0
Return on capital employed, %	**23.8**	27.3	**20.6**	25.0	20.4	23.8
Equity/assets ratio, %	**53.5**	52.1	**53.5**	52.1	53.5	53.1
Employees, yearly average	**1 454**	1 330	**1 406**	1 248	1 384	1 265
Net investments, SEK M	**3**	6	**67**	26	88	47
Key ratios per share						
Profit per share, SEK	**0.89**	0.90	**2.34**	2.53	3.10	3.29
Equity per share, SEK			**17.20**	15.53	17.20	16.06
Number of shares at the end of the Period, in thousands			**27 628**	27 628	27 628	27 628
Share price on closing day, SEK			**47.20**	39.75	47.20	44.63

Operating segments	**0507-0509**	0407-0409	**0501-0509**	0401-0409	0410-0509	0401-0412
Net sales						
Nordic countries	**105**	117	**343**	342	468	467
Europe (excl. Nordic)	**162**	142	**470**	395	603	528
Asia and America	**108**	82	**278**	232	370	324
Total	**375**	341	**1 091**	969	1 441	1 319
Operating profit						
Nordic countries	**12**	10	**31**	32	38	39
Europe (excl. Nordic)	**13**	21	**35**	54	47	66
Asia and America	**10**	5	**20**	15	28	23
Undistributed costs	**-1**	-1	**-1**	-2	-	-1
Total	**34**	35	**85**	99	113	127

Changes in Shareholders' Equity	**0507-0509**	0407-0409	**0501-0509**	0401-0409	0410-0509	0401-0412
At beginning of the year	**450**	406	**444**	378	429	378
Effect of change in accounting principles	**-**	-	**-**	-	-	-
Dividend	**-**	-	**-50**	-21	-50	-21
Translation differences	**-**	-2	**16**	2	10	-4
Net profit	**25**	25	**65**	70	86	91
At end of the year	**475**	429	**475**	429	475	444

For definitions, refer to the 2004 Annual Report.

Share-related key figures have been adjusted to reflect the split implemented in June 2005.

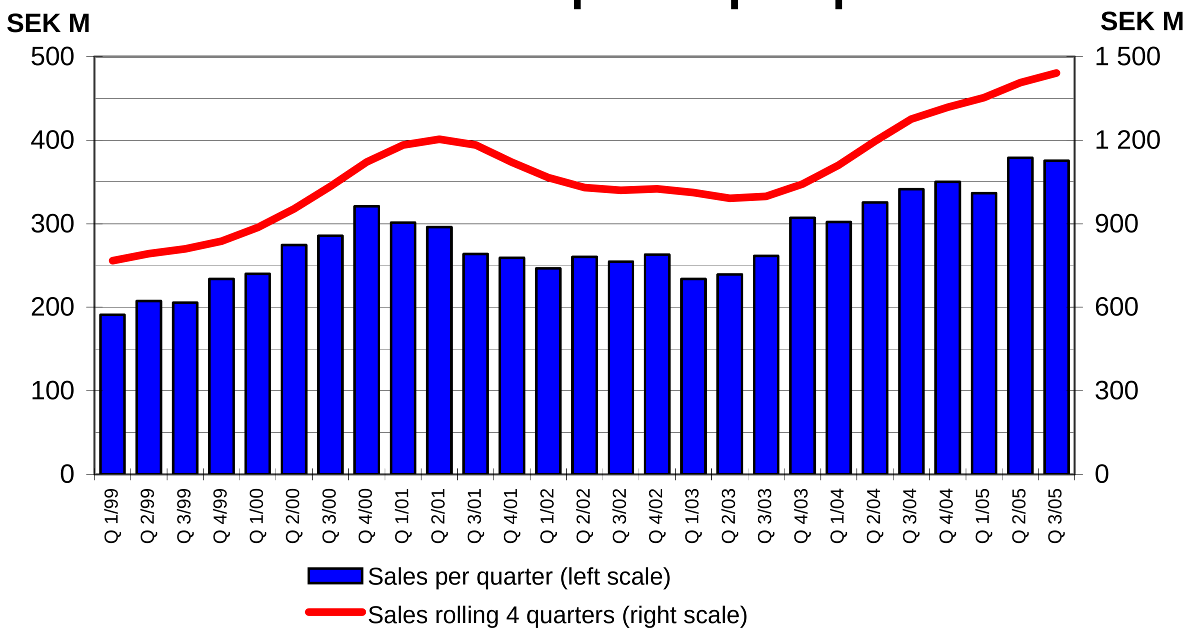
NEFAB

Quarterly data

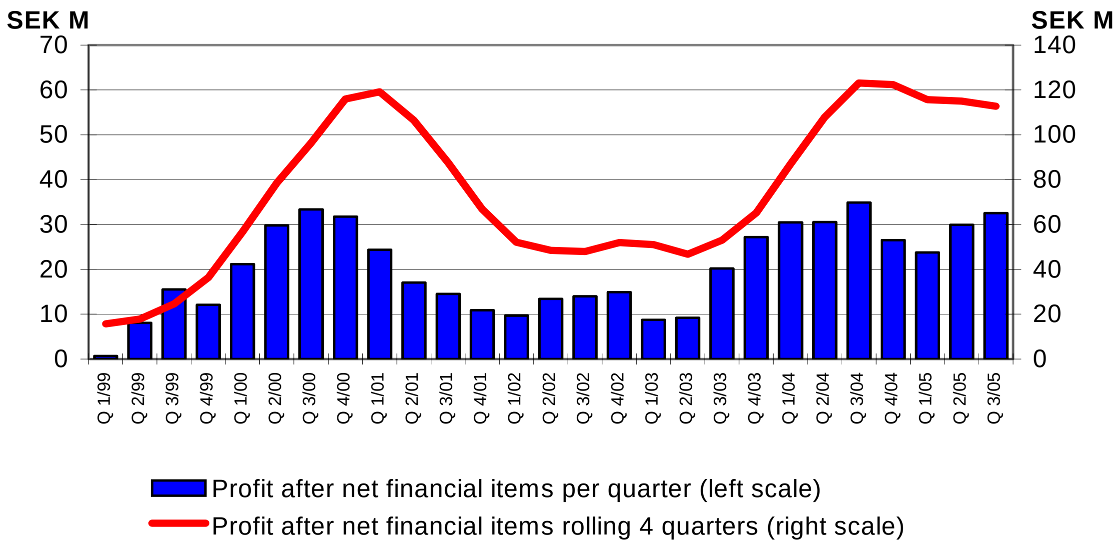
	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03	Q1/04	Q2/04	Q3/04	Q4/04	Q1/05	Q2/05	Q3/05
Net sales	263	234	239	262	307	302	326	341	350	337	379	375
Cost of goods sold	-196	-173	-176	-190	-224	-213	-232	-249	-261	-248	-281	-271
Gross profit	67	61	63	72	83	89	94	92	89	89	98	104
Selling expenses	-31	-30	-33	-30	-34	-37	-37	-36	-37	-38	-44	-44
Administrative expenses	-21	-20	-20	-20	-21	-24	-24	-21	-24	-28	-27	-28
Other operating income	-	-	-	-	-	3	-	-	-1	1	1	2
Operating profit	15	11	10	22	28	31	33	35	27	24	28	34
Net financial items	-	-2	-1	-2	-1	-1	-2	-	-1	-	2	-1
Profit after net financial items	15	9	9	20	27	30	31	35	26	24	30	33
Taxes	-4	-3	-5	-5	-6	-8	-8	-10	-5	-6	-8	-8
Net profit	11	6	4	15	21	22	23	25	21	18	22	25
Fixed assets	313	308	307	295	276	272	278	271	276	292	333	328
Current assets	488	452	465	493	513	504	533	553	560	549	531	562
Equity	362	366	347	357	378	405	406	429	444	467	450	475
Provisions	50	51	54	53	44	44	51	53	48	46	51	49
Long-term liabilities	160	133	134	127	96	62	63	61	52	52	54	53
Current liabilities	229	210	237	251	271	265	291	281	292	276	309	313
Balance sheet total	801	760	772	788	789	776	811	824	836	841	864	890
Gross margin, % *)	25.7	26.3	25.9	27.5	27.2	29.5	28.8	27.2	25.5	26.5	26.0	27.9
Operating margin, %	5.8	4.8	4.0	8.4	9.2	10.3	10.0	10.4	7.8	7.1	7.3	9.0
Net margin, %	5.7	3.7	3.8	7.7	8.8	10.1	9.4	10.2	7.6	7.0	7.9	8.7
Return on equity, %	12.3	6.2	5.4	16.5	23.4	22.9	22.4	23.7	19.4	15.9	19.0	21.3
Return on total capital, %	8.3	6.3	5.6	11.6	15.1	16.5	16.8	17.7	13.5	11.7	13.2	15.7
Return on capital employed, %	11.5	8.8	7.8	16.4	21.4	23.8	25.4	27.3	20.9	17.8	19.9	23.8
Equity/assets ratio, %	45.2	48.2	45.0	45.4	48.0	52.2	50.1	52.1	53.1	55.6	52.1	53.5
Profit per share, SEK	0.40	0.20	0.18	0.53	0.78	0.81	0.82	0.90	0.76	0.66	0.79	0.89
Equity per share, SEK	13.10	13.24	12.57	12.93	13.69	14.65	14.69	15.53	16.05	16.90	16.29	17.20
Share price on closing day, SEK	20.75	18.38	21.88	22.88	30.50	35.38	39.50	39.75	44.63	48.00	47.70	47.20

For definitions, refer to the 2004 Annual Report.
Q4/02 to Q4/03 are reported in accordance with the Swedish Financial Accounting Standards Council's recommendations.
Other quarters are reported in accordance with IFRS.
**) Gross margin = Gross profit divided by Net sales*

Sales development per quarter



Earnings trend per quarter



Facts about Nefab

Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom and automotive industries. Nefab companies are located in Europe, North and South America and Asia. Invoiced sales in 2004 amounted to slightly above SEK 1.3 billion. The Nefab share is listed on the Stockholm Stock Exchange.

NEFAB

Note 1 Transition to reporting in accordance with IFRS

IFRS bridges, Q3 and full-year 2004

Only items affected by the transition to IFRS are reported.

	Quarter 3 / 2004			**Quarter 1-3 / 2004**			**Full-year 2004**		
Consolidated income stateme	SwGAAP	IFRS adjustment	IFRS	SwGAAP	IFRS adjustment	IFRS	SwGAAP	IFRS adjustment	IFRS
Selling expenses	-36	-	-36	-112	1	-111	-148	1	-147
Operating profit	35	-	35	98	1	99	126	1	127
Profit after net financial items	35	-	35	95	1	96	122	1	123
Tax	-10	-	-10	-26	-	-26	-32	-	-32
Net profit	25	-	25	69	1	70	90	1	91
Depreciation included above	*11*	-	*11*	*34*	*-1*	*33*	*46*	-1	*45*

	2004-09-30			**2004-12-31**		
Consolidated balance sheet	SwGAAP	IFRS adjustment	IFRS	SwGAAP	IFRS adjustment	IFRS
Goodwill	12	-6	6	17	-10	7
Other intangible assets	1	10	11	1	15	16
Shareholders' equity	428	1	429	443	1	444
Provisions	50	3	53	44	4	48
Balance sheet total	820	4	824	831	5	836

Reconciliation of shareholders' equity in accordance with prior accounting principles compared with IFRS

	040101	**040930**	**041231**	**050101**
Shareholders' equity in accordance with SwGAAP	378.4	428.3	442.6	442.5
Changes via income statement:				
Reversal of goodwill amortization	-	1.2	1.8	1.8
Amortization of intangible assets	-	-0.5	-1,0	-1.0
Deferred tax	-	0.2	0.3	0.3
Changes via balance sheet:				
Adoption of IAS 39	-	-	-	-0.4
Shareholders' equity in accordance with IFRS	378.4	429.1	443.7	443.3

SwGAAP = Swedish Financial Accounting Standards Council's recommendations

Accounting principles and effects at transition to accounting in accordance with IFRS

Application of IFRS was implemented as of January 1, 2005 and figures for the comparative year 2004 have been adjusted. The transition rules are stated in IFRS 1, First-time adoption of International Financial Reporting Standards, which has as its base that all standards are to be applied retroactively. However, a number of forced and voluntary exceptions are provided from the main rule. Nefab applied the voluntary exceptions that are applicable for the Group.

The IFRS/IAS recommendations that mainly affect reporting are IFRS 3 Business Combinations, IAS 38 Intangible Assets and IAS 39 Financial Instruments, and result for Nefab in a change of accounting principles in three respects. These involve reclassification of acquired goodwill, amortization of acquired goodwill and valuation of financial instruments. A quantification of the effects is described below.

Reclassification of acquired goodwill resulted in a decline in goodwill of SEK 11.2 M. Other identified intangible assets increased by SEK 15.8 M, at the same as which deferred tax liabilities increased by SEK 4.6 M. These changes have affected the balance sheet from Q2 2004 and forward, in the balance sheet items fixed assets and provisions.

The change regarding amortization of acquired goodwill means that goodwill amortization of SEK 1.8 M for full-year 2004 was reversed and replaced by amortization of identified intangible fixed assets of SEK 1.0 M, and a decrease in deferred tax of SEK 0.3 M. Accordingly, net profit rose SEK 1.1 M. Q1 through Q4 2004 were affected by SEK 0.3 M per quarter. Amortization affected the item selling expenses in the income statement.

The change in reporting of financial instruments resulted in an increase in net debt at January 1, 2005 of SEK 0.4 M. Shareholders' equity declined by a corresponding amount. The income statements for 2004 were not affected. In accordance with the transition rules, no adjustments were made for 2004.

Combined, the above resulted in net profit for 2004 rising by SEK 1.1 M due to the transition to reporting in accordance with IFRS, and shareholders' equity at January 1, 2005 increased by SEK 0.8 M.

There are no significant differences between the cash-flow statement in accordance with IFRS and the cash-flow statement in accordance with SwGAAP.

The effects that are reported are preliminary and based on currently prevailing standards, which could change through to December 31, 2005.