Haldex 9 Months 2005

January – September

- **Earning after tax increased 28% to MSEK 189 (148).**
  Earnings per share rose 28% to SEK 8.52 (6.63).

- **Earnings before tax increased 26% to MSEK 268 (214).**

- **Operating income increased 19% to MSEK 310 (260).**

- **Return on capital employed (rolling 12 months) improved to 13.3% (12.1).**
  The operating margin increased to 5.5% (5.1).

- **Net sales rose 10% to MSEK 5,612 (5,101); the increase was 10% after adjusting for currency exchange rates.**

- **Order intake rose 8% to MSEK 5,757 (5,347); the increase was 7% after adjusting for currency exchange rates.**

July – September

- **Earnings after tax MSEK 44 (44).**
  Earnings per share SEK 1.99 (2.01).

- **Earnings before tax MSEK 63 (65).**

- **Operating income MSEK 78 (77),**

- **Net sales MSEK 1,806 (1,645), an increase of 10 %.**
  Order intake MSEK 1,787 (1,596), an increase of 12 %.

- **New orders for four-wheel-drive systems with estimated delivery value of MSEK 1,200 for a major global car platform.**

Key events during Q3

Yet another car manufacturer has chosen the Haldex four-wheel-drive system. A new order with an estimated delivery value of MSEK 1,200 over a five-year period was received for a major global medium-size car platform. Delivery start is scheduled for 2008.

The millionth four-wheel coupling was delivered for installation in the new VW Passat. The strong organic growth in Traction Systems continues.

A new Group organization was established with a view to improving management, focus and delegation of responsibility, and to utilize synergies between the various divisions within Commercial Vehicle Systems.

The reorganization leads to the reduction of a number of management positions, which is estimated to result in annual savings of roughly MSEK 20. The costs are expected to be roughly the same amount, and will to most part be charged to Q4 2005.

License and production agreements with Chinese ASIMCO for the production of Haldex's new compressor. Haldex will start delivering compressors to a major global customer in late 2005/early 2006.

Earnings January - September

Business volumes continued to grow favorably and, with the capacity investments that have been made, we have been able to meet market demand. Haldex increased its market shares in a number of product areas. Order intake and net sales rose 7% and 10% respectively, after adjusting for currency exchange rates.

Price increases for raw materials had previously shown signs of leveling off, but uncertainty regarding price trends has recently increased again. Negotiations concerning upward adjustment of sales prices in response to higher material costs are continuing, and are having a gradual effect. In comparison with the nine months of last year, the increased material prices are estimated to have had a net negative effect of roughly MSEK 5 – 10 on earnings for the period. In addition to these increases in material prices, purchasing costs for materials and logistics expenses have increased since the start of the year, with raw material-based increases and other increases totaling roughly MSEK 25.

The results in the CVS business units Friction Products and Actuators have had an unfavourable development. Ongoing improvement program has not yet led to expected improvements.

Changes in currency exchange rates during the period had no effect on earnings compared with last year.

Group earnings after tax totaled MSEK 189 (148), an increase of 28%. Earnings per share went from SEK 6.63 to 8.52.

Earnings before tax increased 26% to MSEK 268 (214).

Operating income improved to MSEK 310 (260), an increase of 19%.

The operating margin for the nine-month period 2005 was 5.5%, an improvement of 0.4% percentage points compared with last year's 5.1%. The return on capital employed (rolling 12 months) improved 1.1% percentage points to 13.2% (12.1).

Earnings by business area

Commercial Vehicle Systems (CVS)

	9 months		
MSEK	*2005*	*2004*	*Change*
Order intake	3,381	3,225	+5%
Net sales	3,324	3,164	+5%
Operating income	147	135	+10%
Operating margin	4.4%	4.2%	+0.2% points
Return on capital employed (R12)	9.3%	8.9%	+0.4% points

Net sales within CVS increased 5% (the increase was also 5% after adjusting for currency exchange rates). The largest sales increase occurred in Foundation Brake (automatic brake adjusters for drum brakes and complete disc brakes) and Actuators (brake cylinders). After adjusting for currency exchange rates, the sales increase in North America totaled 8%, while sales in Europe and other markets remained unchanged.

Operating income, operating margin and return increased compared with the corresponding period last year, but did not achieve expected levels due to the development within Friction Products and Actuators.

Within the business unit Friction Products the result decreased due to substantial cost increases on resin, containing the oil-based component fenol ,and low productivity in the production. Agreed price increases will be adjusted to the further price increases on resin. Investments and machine maintenance have been carried out in order to reduce scrap and to improve productivity, with personnel reduction as a consequence.

Within the business unit Actuators, production has been moved to Mexico and Hungary. At the same time, material purchase from low-cost countries has been increased. Actuators were affected in Q3 by higher costs as a result of certain component purchases being temporarily withdrawn from low-cost countries and reverted to former suppliers at higher costs, and because of running-in problems at the new plant in Hungary in connection with a volume increase.

The improvement programs are expected to result in a profit improvement of at least MSEK 75 within a 12-month-period. New management has been appointed within the business units Actuators, Brake Controls and Friction Products.

The other business units within CVS show a stable profit development.

CVS has been reorganized into one division with five global business units and a global sales organization. The new organization is intended to improve governance, focus and accountability, as well as to utilize synergies between the various units. In connection with the reorganization the planning of a cost reduction project has started with the aim to reach significant cost savings of operating expenses.

Hydraulic Systems

	9 months		
MSEK	*2005*	*2004*	*Change*
Order intake	1,006	826	+22%
Net sales	938	815	+15%
Operating income	58	46	+25%
Operating margin	6.1%	5.7%	+0.4% points
Return on capital employed (R12)	17.2%	17.0%	+0.2% points

Hydraulic Systems' net sales rose 16%. The increase amounted to 19% after adjusting for currency exchange rates. Both primary markets, i.e. North America and Europe, posted favorable sales increases.

The improved operating income, higher operating margin and better return are attributable mainly to higher sales volumes.

Garphyttan Wire

	9 months		
MSEK	*2005*	*2004*	*Change*
Order intake	784	784	0%
Net sales	782	664	+18%
Operating income	74	66	+11%
Operating margin	9.3%	9.9%	-0.6% points
Return on capital employed (R12)	26.5%	25.5%	+1.0% points

Garphyttan Wire increased sales by 18% (the increase amounted to 17% after adjusting for currency exchange rates). The increase was attributable mainly to the North American market, although Europe also saw strong growth. The lower order intake depends on shorter lead times in the production, which means that the customers' ordering has been delayed in time.

The improvement in operating income and return on capital employed is attributable to the increased sales. Operating income during Q3 was affected negatively by higher non-recurring costs for discards and running-in problems on a new production line.

Traction Systems

	9 months		
MSEK	*2005*	*2004*	*Change*
Order intake	586	512	+14%
Net sales	568	458	+24%
Operating income	27	10	+166%
Operating margin	4.8%	2.2%	+ 2.6% points
Return on capital employed (R12)	23.8%	10.8%	+13.0% points

Traction Systems posted a 24% increase in net sales (also 24% after adjusting for currency exchange rates). The increase is attributable to the deliveries of AWD systems to Ford in the USA that began during the second half of last year.

Traction has been nominated supplier of four-wheel-drive systems to an important, global car platform in the middle class range. The order value is BSEK 1.2 and production start is planned for 2008. The production will be adjusted to the global spread of the car with production in Mexico and Eastern Europe. The order is an important step into the North American market.

Operating income, operating margin and return on capital employed improved as a result of the higher business volume and productivity improvements.

Earnings/Q3

Order intake for Q3 totaled MSEK 1,788 (1,596), an increase of 12%. Net sales rose 10% to MSEK 1,806 (1,645). Earnings before tax totaled MSEK 63 (65), a drop of 1%.

Operating income totaled MSEK 78 (77), an increase of 1%. Traction Systems, CVS and Hydraulics Systems posted higher operating income than in Q3 last year, while Garphyttan Wire posted lower income.

Cash flow

Cash flow from operations totaled MSEK 188 (144). Net investments for the nine-month period amounted to MSEK 275 (229), while the purchase price for 51% of the shares in the Austrian sales company Haldex Wien Ges.mH totaled MSEK 7. The improvement in operating income before depreciation was offset by the accumulation of operating capital as a result of higher business volumes. Cash flow after investments but before corporate acquisitions totaled MSEK -87
(-85).

Financial situation

The Group’s interest-bearing liabilities totaled MSEK 1,585 (1,354) at period-end. Net debt totaled MSEK 1,451 (1,295). Equity excluding minority participations totaled MSEK 1,768 (1,439), while the equity-to-assets ratio was 39% (37) and the debt-to-equity ratio was 82% (90).

Order intake and net sales

The Group's order intake for the nine-month period totaled MSEK 5,757 (5,347), an increase of 8%. The increase amounted to 7% after adjusting for currency exchange rates. Net sales totaled MSEK 5,612 (5,101), an increase of 10% both nominally and after adjusting for currency exchange rates. Haldex's market shares increased in a number of product areas.

The table below shows net sales broken down by business area and region:

	9 months		*Change*	
MSEK	***2005***	***2004***	***Nominal***	***Exchange-rate adjusted***
Group	5,612	5,101	+10%	+10%
Commercial Veh Systems	3,324	3,164	+5%	+5%
Hydraulics Systems	938	815	+15%	+16%
Garphyttan Wire	782	664	+18%	+17%
Traction Systems	568	458	+24%	+24%
Europe	2600	2366	+10%	+9%
North America	2664	2414	+10%	+12%
Asia	193	191	+1%	-5%
South America	155	130	+19%	+2%

Market

Production of heavy commercial vehicles showed continued positive growth during the period, although the rate of growth was not as high as last year. As in 2004, the rate of increase was highest in North America.

Production of heavy trucks in North America is believed to have increased 36% in the first nine months of 2005 as compared with the same period last year. North American production of heavy trailers increased roughly 7% over the period.

European production of heavy trucks is believed to have increased roughly 6% compared with the first half of 2004, while trailer production is believed to have increased by 2%.

Production of heavy trucks in Asia is believed to have decreased 17%, while South American production of heavy trucks has increased 15%.

The aftermarket for brake components for heavy vehicles in all regions remained essentially unchanged compared with the year before.

Production of construction machinery increased roughly 9% in North America, and remained nearly unchanged in Europe. Forklift truck production declined about 6% in North America and roughly 4% in Europe.

Car production fell roughly 4% in North America over the nine-month period, and was unchanged in Europe.

The forecast for heavy vehicles (J.D. Power) for 2005 as a whole did not change notably compared to the forecast from Q2. Heavy truck production is expected to increase some 28% in North America, and by about 7% in Europe.

For 2006, the market for heavy trucks in North America and Europe is estimated to be unchanged to the high level of 2005. The market for trailers is expected to increase by 8% in North America and be unchanged in Europe.

Personnel

The number of employees at period-end totaled 4,615, an increase of 4% compared with the same period in 2004. The increase derives mainly from direct production personnel attributable to increased business volumes, and to the build-up of production in China and Hungary.

Election Committee

In accordance with the resolution of the Annual General Meeting, the representatives from the four largest owners must form an Election Committee before the 2006 Annual General Meeting. As of the end of September, those owners consisted of Traction, The Second AP Fund, The Third AP Fund and Odin Funds. Viewpoints and suggestions can be sent the Election Committee consisting of

Pernilla Klein, Tredje AP-fonden, tel 0709-51 72 42, pernilla.klein@ap3.se
Nils Petter Hollekim, Odin Fonder, tel +47 930 505 72, nils.petter.hollekim@odinfond.no
Carl Rosén, Andra AP-fonden, tel 0739-40 10 10, carl.rosen@ap2.se
Bengt Stillström, Traction, tel 0704-40 40 99, bengt.stillstrom@traction.se

Parent Company

The main office functions are conducted within the Parent Company. The Parent Company's earnings and appropriations totaled MSEK -25 (-21).

Outlook

Group sales in 2005 are expected to amount to some SEK 7.5 billion. This volume increase, combined with the effects of fully implemented restructuring measures and price adjustments tied to increases in material prices, is expected to result in definite improved earnings.

In an earlier report sales were estimated to exceed SEK 7 billion with a substantially improved result.

The planned improvement programs will lead to a successive improvement of the result.

The growth within the commercial vehicle industry is estimated to remain favorable. The vehicle production in our primary markets are expected to stabilize on the 2005 high level.

Reporting in accordance with IFRS

The Group's Interim Report for the nine-month-period of 2005 has been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), which went into effect as of September, 2005, IAS 34 and RR 31/32 for parent companies. All financial information has been adjusted to conform with IFRS unless otherwise indicated. These adjustments increased the value of equity by MSEK 49 as of September 30, 2004. The Group's net profit for nine months 2004 has, compared with the figure under the previous accounting rules, been affected positively by MSEK 23, due mainly to replacement amortization of goodwill.

The regulations in IAS 39, which concerns the reporting of financial instruments, have had the greatest impact on Haldex. As a result of the transition to IFRS, all financial instruments are valued at their current fair market prices. IAS 39 is to be applied as of January 2005, and is exempt from the requirement calling for adjustment of the figures for the comparison year. The value of financial derivatives are reported gross in the Balance Sheet, while the hedge reserve net after tax remains an equity component. The hedge reserve for financial derivatives increased equity at the start of the year by MSEK 107, and decreased by MSEK 50 over the period.

According to IFRS 5, which concerns non-current assets held for sale and discontinued operations, these must be reported separately in the Balance Sheet, and the results for discontinued operations must be reported separately in the Income Statement. No such assets were identified during the nine months of 2005, and thus had no impact on the Income Statement.

The appendix includes a description of the new accounting rules, reconciliations and effects of the transition to IFRS. Comments on the transition to IFRS are also provided on page 53 of the Annual Report – Note 27.

Future reporting

Full year report 2005	21 February 2006
Annual shareholders' meeting	11 April 2006 in Stockholm

Stockholm 2005-10-26
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This report has not been reviewed by the company auditors.

Profit & Loss, Group	July-Sept		Jan-Sept		Oct 2004	Total
Amounts in MSEK	2005	2004	2005	2004	-Sept 2005	2004
Net sales	**1,806**	**1,645**	**5,612**	**5,101**	**7,270**	**6,759**
Cost of goods sold	-1,401	-1,248	-4,238	-3,841	-5,507	-5,110
Gross profit	**405**	**397**	**1,374**	**1,260**	**1,763**	**1,649**
	22.4%	**24.1%**	**24.5%**	**24.7%**	**24.3%**	**24.4%**
Sales, G&A and R&D costs	-335	-336	-1,087	-1,036	-1,402	-1,351
Other operating income	8	16	23	36	42	55
Operating income	**78**	**77**	**310**	**260**	**403**	**353**
Financial costs	-15	-12	-42	-46	-59	-63
Earningsbefore tax	**63**	**65**	**268**	**214**	**344**	**290**
Taxes	-19	-21	-79	-66	-91	-78
Net income	**44**	**44**	**189**	**148**	**253**	**212**
whereof minority's share	-	-	*1*	*1*	*1*	*1*
Earnings per share (before & after dilution)	1:99	2:01	8:52	6:63	11:39	9:50
Average no. of shares (000)	22,065	22,065	22,065	22,065	22,065	22,065

Balance Sheet, Group	30 Sep	30 Sep	31 Dec
Amounts in MSEK	2005	2004	2004*)
Goodwill	450	404	389
Other intangible assets	155	133	132
Tangible fixed assets	1,389	1,272	1,235
Financial fixed assets	109	74	98
Financial derivative instruments	38	-	-
Total fixed assets	**2,141**	**1,883**	**1,854**
Financial derivative instruments	39	-	-
Inventories	871	743	727
Current receivables	1,391	1,228	1,166
Cash and bank	135	59	187
Total current assets	**2,436**	**2,030**	**2,080**
Total assets	**4,577**	**3,913**	**3,934**
Total shareholders' equity	**1,773**	**1,443**	**1,425**
Pension provisions	322	305	291
Deferred taxes	149	98	115
Long-term debt	1,249	1,031	1,045
Financial derivatie instruments	1	-	-
Other long-term liabilities	36	18	26
Total long-term liabilities	**1,757**	**1,452**	**1,477**
Financial derivative instruments	14	-	-
Short-term debt	14	18	22
Other current liabilities	1,019	1,000	1,010
Total short-term liabilities	**1,047**	**1,018**	**1,032**
Total liabilities and shareholders' equity	**4,577**	**3,913**	**3,934**

*) IAS 39 is applied as of 2005, see Appendix note 4.

Change in shareholders' equity Amounts in MSEK	30 Sept 2005	30 Sept 2004	1 Jan 2005	31 Dec 2004
Equity beginning of period	1,532	1,317	1,425	1,317
Dividend	-66	-39	-	-39
Currency difference	168	17	-	-65
Hedge reserve (IAS 39)	-50	-	107	-
Net income	189	148	-	212
Equity end of period	1,773	1,443	1,532	1,425
whereof minority's share	*5*	*4*	*3*	*3*

Cash Flow Statement, Group Amounts in MSEK	Jan-Sept 2005	2004	Oct 2004 -Sept 2005	Total 2004
Operating income	310	260	403	353
Depreciation on fixed assets	200	191	262	253
Interests paid	-43	-42	-66	-65
Taxes paid	-71	-52	-93	-74
Gross operating contribution	396	357	506	467
Change in working capital	-208	-213	-186	-191
Cash flow from operations	***188***	***144***	***320***	***276***
Net investments	-275	-229	-358	-312
Acquisitions	-7	-	-7	-
Cash flow from expenditures	***-282***	***-229***	***-365***	***-312***
Dividend to shareholders	-66	-39	-66	-39
Interest-bearing debt	99	32	174	107
Other long-term liabilities	-2	-4	2	-
Long-term receivables	3	-1	5	1
Cash flow from financing activities	***34***	***-12***	***115***	***69***
Change in cash and bank, excluding currency difference	-60	-97	70	33
Cash and bank beginning of period	187	155	59	155
Translation difference in cash and bank	8	1	6	-1
Cash and bank end of period	135	59	135	187

Key Ratios	Jan-Sept 2005	Jan-Sept 2004	Oct 2004 -Sept 2005	Total 2004
Profit margin, %	5.5	5.1	5.5	5.2
Capital turnover rate, times	2.40	2,48	2.39	2.46
Return on capital employed, %	13.3	12.7	13.2	12.8
Return on equity, %	15.3	13.8	15.7	14.8
Interest coverage ratio, times	7.4	5.5	6.9	5.6
Equity/assets ratio, %	39	37	39	36
Debt/equity ratio, %	82	90	82	82

Share Data	Jan-Sept 2005	Jan-Sept 2004	Oct 2004 -Sept 2005	Total 2004
Earnings after tax, SEK	8:52	6:63	11:39	9:50
Shareholders' equity, SEK	80:35	65:24	80:35	64:60
Average no. of shares (000)	22,065	22,065	22,065	22,065
No. of shares end of period (000)	22,065	22,065	22,065	22,065
Market value, SEK	147:50	103:50	147:50	116:50

Note 1 – P&L according to tuype of costs

Amouns in MSEK	Jan-Sept 2005	Jan-Sept 2004	Oct 2004 -Sept 2005	Total 2004
Net sales	5,612	5,101	7,270	6,759
Direct material costs	-2,880	-2,515	-3,714	-3,349
Personnel costs	-1,391	-1,359	-1,862	-1,830
Depreciations	-200	-216	-236	-252
Other operating income & costs	-831	-751	-1,055	-975
Operating income	**310**	**260**	**403**	**353**
Financial costs	-42	-46	-65	-63
Earnings before tax	**268**	**214**	**344**	**290**
Taxes	-79	-66	-91	-78
Net income	**189**	**148**	**253**	**212**
whereof minority's share				*1*

Quarterly development
Amounts in MSEK

	*2005***) I*	*II*	*III*	*9 months 2005*	*2004 I*	*II*	*III*	*9 months 2004*	*IV*	*Helår 2004*	*Helår 2003**)*
Net sales	1844	1962	1806	5612	1703	1753	1645	5101	1658	***6759***	***6036***
Cost of goods sold	-1372	-1465	-1401	-4238	-1273	-1320	-1248	-3841	-1269	***-5110***	***-4491***
Grott income	472	497	***405***	***1374***	430	433	397	1260	389	***1649***	***1545***
	25.6%	25.3%	***22.4%***	***24.5%***	25.3%	24.7%	24.1%	24.7%	23.5%	***24.4%***	***25.6%***
Sales, G&A and R&D costs	-358	-394	-335	-1087	-343	-357	-336	-1036	-316	***-1352***	***-1313***
Other oper. revenues	3	12	8	***23***	8	12	16	36	20	***56***	***-56***
Operating income	117	115	***78***	***310***	95	88	***77***	***260***	***93***	***353***	***176***
Financial costs	-15	-12	-15	-42	-20	-14	-12	-46	-17	***-63***	***-56***
Earnings before tax	102	103	***63***	***268***	75	74	65	2141	76	***290***	***120***
Taxes	-29	-31	-19	-79	-22	-23	-21	-66	-12	***-78***	***-50***
Operating income	73	72	***44***	***189***	53	51	44	148	64	***212***	***70***
whereof minority's share	-	1	-	1	1	-	-	1	-	***1***	-
Earnings per share, SEK	3:29	3:24	1:99	8:52	2:33	2:29	2:01	6:53	2:86	***9:50***	***3:18***
Operating maring, %	6,3	5,9	4,3	5,5	5,6	5,0	4,7	5,1	5,6	***5,2***	***3,1***
Cash flow	-127	67	-27	-87	-81	23	-27	-85	49	***-36***	***89***
Retrurn on capital employed*), %	13.2	13.7	13.2	13.2	10.0	11.2	12.1	12.1	12.8	***12.8***	***6.8***
Return on shareholders' equity*), %	15.7	16.4	15.7	15.7	10.0	11.8	13.5	13.5	14.8	***14.8***	***4.8***
Equity/assets ratio, %	39	38	39	39	37	36	37	37	36	***36***	***39***
Capital expenditures	71	95	109	275	65	88	76	229	84	***313***	***271***
R&D, %	4.4	4.5	4.2	***4.4***	4,.	***4.6***	4.7	4.6	5.2	4.8	***4.7***
No. of employees*)	4414	4526	4576	4576	4071	4149	4232	4232	4317	***4317***	***4018***

*) rolling 12 months
**) 2003 figures have not beeen adjusted according ot IFRS. Main differences compared to 2004 are attributable to depreciation of goodwill, deferred tax receivable s and deferred tax liabilities.
***) IAS 39 is applied as of 2005, see Appendix note 4.

Segment reporting
Amounts in MSEK

	*2005***)*			*9 months*	*2004*			*9 months*		*Helår*	*Helår*
	I	***II***	***III***	***2005***	***I***	***II***	***III***	***2004***	***IV***	***2004***	***2003**)***
Commercial Vehicle Systems											
Net sales	1085	1156	1083	3324	1054	1097	1013	3164	990	***4154***	***3757***
Operating income	58	54	35	147	58	44	33	135	44	***179***	***111***
Operating margin, %	5.3	4.7	3.3	4.4	5.5	4.0	2.3	3.9	3.6	***3.5***	***2.9***
Assets	2571	2811	2753	2753	2462	2521	2467	2492	2373	***2373***	***2234***
Liabilities	567	623	563	563	528	591	568	568	509	***509***	***513***
Return on cap. empl.*), %	9.3	9.5	9.3	9.3	7.2	8.4	8.9	8.9	9.6	***9.6***	***5.7***
Capital expenditures	35	60	59	154	34	52	42	128	46	***174***	***131***
Depreciations	37	39	36	112	38	38	36	112	41	***153***	***191***
No. of employeesa*)	2991	3029	3039	3029	2780	2817	2862	2862	2914	***2914***	***2737***
Hydraulic Systems											
Net sales	284	327	327	938	255	272	288	815	261	***1076***	***934***
Operating income	16	20	22	58	11	14	21	46	9	***55***	***32***
Operating margin, %	5,5	6,3	6.5	6.1	4,2	5,5	7,2	5,6	3,5	***5,1***	***3,4***
Assets	529	586	594	594	459	480	490	490	468	***468***	***410***
Liabilities	141	167	170	170	118	145	149	149	149	***149***	***107***
Return on cap. empl..*), %	17.4	18.0	17.2	17.2	11.3	13.8	17.0	17.0	16.6	***16.6***	***10.1***
Capital expenditures	17	6	19	42	12	23	18	53	20	***73***	***54***
Depreciations	11	12	14	37	11	11	11	33	7	***40***	***40***
No. of employees*)	791	835	862	862	692	732	753	753	767	***767***	***685***
Garphyttan Wire											
Net sales	274	270	238	782	240	223	201	664	222	***886***	***793***
Operating income	33	29	12	74	25	21	20	66	23	***89***	***75***
Operating margin, %	11,9	10,5	4.9	9.3	10,2	9,5	9,9	9,9	10,1	***9,9***	***9,4***
Assets	541	569	568	568	482	487	471	471	479	***479***	***463***
Liabilities	186	195	179	179	138	163	152	152	160	***160***	***122***
Return on cap. empl. *), %	28.7	30.2	26.5	26.5	23.4	23.6	25.5	25.5	27.0	***27.0***	***22.3***
Capital expenditures	15	20	21	56	10	5	8	23	15	***38***	***35***
Depreciations	10	11	9	30	10	10	20	8	28	***36***	***37***
No. of empoyees*)	440	450	465	465	420	419	432	432	448	***448***	***421***
Traction Systems											
Net sales	201	209	158	568	154	161	143	458	185	***643***	***552***
Operating income	9	9	9	27	0	7	3	10	14	***24***	***15***
Operating margin, %	4,7	3,9	6.0	4.8	0,3	4,0	2,3	2,2	7,3	***3,7***	***2,8***
Assets	320	294	296	296	271	287	310	310	308	***308***	***265***
Liabilities	145	150	134	134	107	129	126	126	146	***146***	***102***
Return on cap. empl. *), %	19.0	20.4	23.8	23.8	10.0	12.3	10.8	10.8	14.3	***14.3***	***12.6***
Capital expenditures	4	9	8	21	9	8	8	25	4	***29***	***51***
Depreciations	7	6	8	21	5	5	6	16	6	***23***	***19***
No. of employees*)	192	212	219	219	179	181	185	185	188	***188***	***175***
Undistributed											
Operating income	1	3	-	4	1	2	1	4	2	***6***	***49***
Financial costs	-15	-12	-15	-42	-20	-14	-12	-46	-17	***-63***	***-64***
Taxes	-29	-31	-19	-79	-22	-23	-21	-62	-16	***-78***	***-50***
Assets	287	307	366	366	141	178	150	150	306	***306***	***224***
Liabilities	1568	1688	1758	1758	1495	1497	1475	1475	1545	***1545***	***1364***

*) rolling 12 months
**) 2003 figures have not beeen adjusted according ot IFRS. Main differences compared to 2004 are attributable to depreciation of goodwill, deferred tax receivable s and deferred tax liabilities.
***) IAS 39 is applied as of 2005, see Appendix note 4.

Appendix

Transition to International Financial Reporting Standards (IFRS)

The description below corresponds in all essentials to that stated in the 1Q report.

Haldex reports in accordance with International Financial Reporting Standards (IFRS) as of January 1, 2005. IFRS standards become compulsory for noted European companies concurrently as they are approved by the European Commission. The transition regulations might be subject to change, which would mean that the transition effects described below can be changed during 2005.

At the transition to IFRS, IFRS 1 (First-time adoption of IFRS) is applied and a description of the effects that the transition to IFRS causes are stated below. The description includes the 1st quarter 2004 as well as total 2004. The translation of comparative figures has been made with regard to all standards with the exception of IAS 39 (Financial instruments) which for the first time are applied in the 1st quarter interim report 2005.

IFRS 1 allows the use of 11 exceptions at the introduction of IFRS. Haldex has chosen to use the following exceptions:

- Only acquisitions and mergers as from January 1, 2004 have been translated in accordance with IFRS 3 (Business Combinations).
- The comparative figures for 2004 regarding financial instruments have not been translated in accordance with IAS 39 (Financial instruments).
- Accumulated translation differences when translating foreign subsidiaries were set at zero at the transition date (January 1, 2004).
- Employee benefits (RR 29/IAS 19) are applied already from January 1, 2004. Accumulated actuarial gains and losses for defined benefit pension plans were set at zero in connection with the transition and were accounted for in pensions provisions and shareholders' equity.

The principal differences between previous accounting principles for Haldex is described below with reference to notes in subsequent tables for translation of the group's Income Statement and balance sheet to IFRS. All other accounting principles have not beeen impacted by the transition to IFRS. Description of these accounting principles can be found in the Annual Report 2004.

Note 1 IFRS 3/IAS 36 – Non-amortization of intangible assets of indefinite useful lives (i.e. goodwill):

According to previous accounting principles all intangible assets should be amortized over their estimated useful lives. In accordance with IFRS, intangible assets that are considered to have an undefined lifetime should not be amortized. The value of these assets should rather be subject to an annual impairment test, where its value is determined. Haldex has decided that intangible assets with an undefined lifetime at the transition to IFRS only refers to goodwill. The translations and transition effects as the changed accounting result in, thus only affect the reversal of goodwill amortization that was charged to the Income Statement for 2004, and that the goodwill value in the balance sheet as per December 31, 2004 has been adjusted upwards with the corresponding amount, adjusted for currency effects. Impairment tests in order to secure the value of intangible assets are made yearly and are carried out by estimating present value of future cash flows based on business plans and assumptions on the interest and business climate development.

Note 2 IAS 12 – Income taxes:

In accordance with IAS 12, deferred tax receivables and liabilities shall not be discounted. This has for Haldex affected the value of deferred tax receivables.

Note 3 IAS 1 – Minority interests:

In accordance with IFRS, minority interests shall be regarded as a separate part of equity and not be included in the net income in the Income Statement.

Note 4 IAS 39 – Fair value of derivative instruments:

In accordance with IAS 39, which is part of IFRS and is used by Haldex as of January 1, 2005, all derivative instruments' fair value should be reported in the balance sheet. Furthermore, stricter demands for documentation and effectiveness test have been introduced to permit hedge accounting.

Financial derivative instruments are used for hedging of forecasted cash flows and forecasted electricity consumption. According to previous accounting principles, Haldex has used hedge accounting for most part of these derivatives and outstanding derivative transactions have thus not been reported in the balance sheet (”Off-balance sheet instruments”), except for premiums and deductions that were reported under financial items. Gains and losses on these contracts have affected the Income Statement when the contracts have been realized. According to IFRS, financial derivative instruments should be market evaluated and changes in fair value should be reported in the Income Statement according to the principal rule. IAS 39 describes how the hedge accounting can be applied to reduce the net income volatility. The change in fair value is according to these rules reported in the shareholders' equity, and finally in the Income Statement, as the hedge transaction impact the Income Statement. To the extent that the requirements are not met, unrealized gains and losses on derivative transactions are reported in the Income Statement.

Note 5 IAS 19 (RR 29) – Employee benefits

As of January 1, 2004, Haldex has used the Swedish Financial Accounting Standards Council's recommendation RR 29 ”Employee benefits”, which corresponds to IAS 19. In accordance with IAS 19 defined benefit pension plans are reported in the group's subsidiaries according to common principles.

Note 6 IAS 38 – Capitalization and amortization of development costs:

As of January 1, 2002, Haldex has used RR 15 ”Intangible assets” in accordance with Swedish GAAP. According to this accounting standard, costs attributable to development of new and existing products shall be capitalized and amortized during their useful life.

The transition rules for RR15 did not permit any retroactive application. According to the transition rule for IFRS, the accounting standard IAS 38, which is similar to RR 15 regarding the accounting for development costs should be applied retroactively for development costs occurred before 2002. Haldex has not identified any further intangible assets that meet the criteria according to IAS 38 to be activiated.

Translation of group Income Statement according to IFRS

Amounts in MSEK	***Acc. to Swedish accounting principles July-September 2004***	IFRS adjust.	***Acc. to IFRS July-September* 2004**	***Acc. to Swedish accounting principles January-September 2004***	IFRS adjust.	***Acc. to IFRS January-September* 2004**	***Acc. to Swedish accounting principles Total 2004***	IFRS adjust.	***Acc. to IFRS* Helår *2004***
Net sales	1 645		**1 645**	5 101	0	**5 101**	6 759		**6 759**
Cost of goods sold	-1 248		**-1 248**	-3 841	0	**-3 841**	-5 110		**-5 110**
Gross profit	**397**	**0**	**397**	**1 260**	**0**	**1 260**	**1 649**	**0**	**1 649**
	24,1%		**24,1%**	**24,7%**		**24,7%**	**24,4%**		**24,4%**
Sales, G&A and R&D costs	-336		**-336**	-1 036	0	**-1 036**	-1 351		**-1 351**
Other oper. revenues, note 1)	8	8	**16**	10	26	**36**	21	34	**55**
Operating income	**69**	**8**	**77**	**234**	**26**	**260**	**319**	**34**	**353**
Financial costs	-13		**-13**	-46	0	**-46**	-63		**-63**
Earnings before tax	**56**	**8**	**64**	**188**	**26**	**214**	**256**	**34**	**290**
Taxes, notes 1,2)	-19	-1	**-20**	-62	-4	**-66**	-75	-3	**-78**
Minority share, note 3)	0		**0**	-1	1	**0**	-1	1	**0**
Net income	**37**	**7**	**44**	**125**	**23**	**148**	**180**	**32**	**212**
whereof minority's share, note 3)	-		**-**	-	1	***1***	-	*1*	***1***

Translation of grou Balance Sheet according to IFRS

Amounts in MSEK

	1 Jan 2004 Acc. to Swedish accounting principles	IFRS adj.	**1 Jan 2004 Acc. to IFRS**	30 Sep 2004 Acc. to Swedish accounting principles	IFRS adj.	**30 Sep 2004 Acc. to IFRS**	31 Dec 2004 Acc. to Swdish accounting principles	IFRS adj.	**31 Dec 2004 Acc. to IFRS**	Adjustment for IAS39 4)	**1 Jan 2005 After adjustm. to IAS39**
Goodwill 1)	398		**398**	379	25	**404**	357	32	**389**		**389**
Other inangible assets	109		**109**	133		**133**	132		**132**		**132**
Tangible fixed assets	1 257		**1 257**	1 272		**1 272**	1 235		**1 235**		**1 235**
Financial fixed assets 2)	59	15	**74**	59	15	**74**	81	17	**98**		**98**
Long-term finnacial derivate instruments	-		**0**	-		**0**	-		**-**	92	**92**
Inventories	655		**655**	743		**743**	727		**727**		**727**
Current receivables	963		**963**	1 228		**1 228**	1 166		**1 166**		**1 166**
Current financial derivative instruments	-		**0**	-		**0**	-		**-**	56	**56**
Cash and bank	155		**155**	59		**59**	187		**187**		**187**
Assets	**3 596**	**15**	**3 611**	**3 873**	**40**	**3 913**	**3 885**	**49**	**3 934**	**148**	**4 082**
Equity 3)	1 384	-67	**1 317**	1 402	41	**1 443**	1 376	49	**1 425**	107	**1 532**
Minority's equity 3)	4	-4	**0**	4	-4	**0**	4	-4	**0**		**0**
Pension provisions 5)	179	124	**303**	305		**305**	291		**291**		**291**
Deferred taxes 1,5)	126	-38	**88**	95	3	**98**	111	4	**115**	46	**161**
Long-term debt	994		**994**	1 031		**1 031**	1 045		**1 045**		**1 045**
Other long-term liabilities	22		**22**	18		**18**	26		**26**		**26**
Current financial derivative instruments	-		**0**	-		**0**	-		**-**	8	**8**
Short-term debt	16		**16**	18		**18**	22		**22**		**22**
Short-term operating liabilities	871		**871**	1 000		**1 000**	1 010		**1 010**	-13	**997**
Shareholders' equity & liabilitiesl	**3 596**	**15**	**3 611**	**3 873**	**40**	**3 913**	**3 885**	**49**	**3 934**	**148**	**4 082**