NEFAB

Year-end Report 2005

- Invoiced sales amounted to SEK 1,501 M (1,319), up 14%. SEK 52 M of the increase is attributable to company acquisitions. Most of the invoicing increase is from customers in the Industrial segment.
- Profit after financial items amounted to SEK 117 M (123). Net profit amounted to SEK 87 M (91). Profit after financial items was charged with SEK 18 M (2) for restructuring of production in Europe.
- Earnings per share amounted to SEK 3.15 (3.29).
- Financial position remains strong. Equity/assets ratio amounted to 51.0% (53.1) and the liquidity reserve to SEK 344 M (343).
- Continued expansion through company acquisitions. Three acquisitions carried out during calendar year and two more after the closing date.
- Ordinary dividend of SEK 1.00 per share (0.90 + 0.90) is proposed. Total dividend amounts to SEK 27.6 M.

Fourth quarter of 2005

Invoiced sales in the fourth quarter remained favorable and amounted to SEK 410 M (350), up 17% compared with the year-earlier period. Approximately SEK 13 M of the invoicing increase is from acquired companies, corresponding to 22% of the invoicing increase for the quarter. Order bookings amounted to SEK 407 M (337), an increase of 21%.

Geographically, the increase in invoicing growth is evenly distributed among the various regions. The increase in invoiced sales is attributable mainly to the Industrial segment.

Profit after financial items for the fourth quarter amounted to SEK 30 M (26).

Cash flow after investing activities amounted to SEK 37 M (46).

Full-year 2005

Invoicing in 2005 totaled SEK 1,501 M (1,319), an increase of 14% compared with the preceding year. SEK 52 M of the increase in invoicing, corresponding to 29% of the increase, was from acquired companies. Order bookings during the year amounted to SEK 1,493 M (1,329), up 12%.

The development from being a product-oriented company to becoming a supplier of total packaging solutions continues. The invoicing of trading products and service amounted to SEK 461 M (394) during the year, an increase of 17%, and corresponding to 31% of sales (30).

Nordic countries

Invoicing during the year from companies in the Nordic countries was largely unchanged and amounted to SEK 465 M (467).

At the end of November, the operations of Gregersen & Rosenvinge in Norway were acquired. The company produces and supplies transport packaging, mainly to the export industry in Norway, and invoicing amounts to about SEK 15 M. The price for the operations amounted to about SEK 9 M, of which SEK 2 M for inventories, machinery and equipment. The remaining SEK 7 M pertains to amortizable intangible assets.

Operating profit from operations in the region amounted to SEK 40 M (39). Earnings were charged with about SEK 4 M for restructuring of the operations in Hälsingland.

Europe (excluding Nordic region)

Invoicing from companies in the rest of Europe during the year amounted to SEK 638 M (528), an increase of 21%. SEK 46 M of the increase in invoicing, corresponding to 40% of the increase, was from acquired companies.

Continued favorable development was noted in Eastern Europe. Invoicing in the Benelux markets increased favorably during the period, among other factors due to the acquisitions in Belgium and the Netherlands. A favorable invoicing trend was also reported in Spain.

A new plant unit in Slovakia was placed in operation during the year. At the same time, production in the German unit was phased out.

At the beginning of April, the packaging company Bijl B.V. in the Netherlands was acquired. The company has invoiced sales of slightly less than SEK 40 M and the operations employ eight persons. The acquired unit is included in the Group's net profit in the amount of SEK 0.4 M after charges for amortization of surplus values. The acquired company has been integrated with Nefab's other operations in the Netherlands.

In September, the operations of Franz Steffl Verpackung in Austria were acquired. Combined with Nefab's existing invoicing in the Austrian market, it is estimated that the newly formed company will invoice slightly less than SEK 20 M annually.

A decision has been made to establish a sales company in Romania. Currently, the market is supplied through Nefab's Hungarian company.

After the closing date, the packaging company Macfarlane kft was acquired in Hungary. The company's invoicing amounts to about SEK 50 M, with 28 employees. The company's profit before net financial items in 2005 was about SEK 10 M. The price for the shares amounted to about SEK 26 M plus cash and bank balances. The acquisition results in a surplus value of about SEK 17 M. The distribution between amortizable intangible assets and goodwill has not been completed. The acquisition is expected to provide a positive contribution to earnings per share already during 2006.

In addition, after the closing date the shares in the packaging company Mediterranean Goods in Spain were acquired. The company's invoicing amounts to slightly more than SEK 40 M and profit after net financial items to about SEK 3 M. The price for the shares was approximately SEK 19 M, with a supplemental payment based on the next year's development. The acquisition results in a surplus value of about SEK 13 M. The distribution between amortizable intangible assets and goodwill has not been completed. The acquisition is expected to provide a positive contribution to earnings per share in 2006.

Operating profit in the region amounted to SEK 46 M (66). This result was charged with about SEK 14 M in costs 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 and North and South America during the year amounted to SEK 398 M (324), an increase of 23%.

Invoicing from companies in Asia increased during the year by 15% to SEK 245 M (214).

A new plant, the third in China, was established this autumn. Operations include manufacturing of protective (impact-absorbing) and corrugated packaging.

Sales invoiced in North and South America during the year totaled SEK 153 M (110), an increase of 39%. The operations in North and South America have adversely affected the Group's earnings for a lengthy period. However, a significant surplus was generated during the year.

Operating profit in Asia and America amounted to SEK 31 M (23). Earnings in the preceding year include a capital gain of SEK 2 M on the sale of a property.

Telecom
Invoicing to customers in the telecom equipment industry increased 9% to SEK 565 M (517), corresponding to 38% (39) of consolidated sales.

Automotive
Invoiced sales to customers in the automotive industry rose 3% to SEK 144 M (140), corresponding to 10% (11) of consolidated sales.

Industry
Invoicing to the industry segment amounted to SEK 792 M (662), up 20%. The positive trend continues and the share of total invoicing is now 53% (50). About SEK 50 M of the SEK 130 M increase is from acquired units.

Earnings
Profit after financial items amounted to SEK 117 M (123).

Profit was charged with the costs of about SEK 18 M (2) for the restructuring of production in Europe. Gross margin falls as a result of the increased share of trading operations, at the same time as prices for raw materials increased. It was possible to offset a certain part of the increase in raw material prices through higher prices.

During the fourth quarter a project was initiated to replace the company's business system. The administrative expenses for the quarter were charged with about SEK 3 M for costs related to the pre-study and initial phase.

Profit after financial items for the year include financial currency gains of SEK 5 M. Earnings in the preceding year included a gain on the divestment of a property amounting to about SEK 3 M.

Profit after financial items, excluding restructuring costs and financial currency effects, amounted to SEK 130 M (122). Net margin, after adjustment for restructuring items, was 8.7% (9.2).

Earnings per share for the year amounted to SEK 3.15 (3.29). Return on shareholders' equity was 18.5% (22.2), compared with the company's goal of at least 15%.

Capacity and investments
Net investments by the Group during the year amounted to SEK 81 M (47). Establishment in Slovakia is included in the amount of SEK 46 M (6) as well as company acquisitions totaling SEK 26 M (16). Two properties were divested in the fourth quarter, which reduced net investments by SEK 13 M.

Financial position
The equity/assets ratio at December 31 was 51.0% (53.1) and shareholders' equity per share was SEK 18.12 (16.06). Group liquid assets on the closing date, including unutilized credit facilities, amounted to SEK 344 M (343).

Cash flow after investing activities during the year amounted to a negative SEK 7 M, compared with a positive cash flow of SEK 84 M in the preceding year. Cash flow included outflows of SEK 50 M (outflow: 7) for establishment of operations in Slovakia and SEK 23 M (18) paid out for company acquisitions. In addition, working capital increased due to higher invoicing volumes.

The Parent Company finances parts of the operations outside Sweden with loans, provided preferably in EUR. To reduce currency exposure, 60%, or close to SEK 90 M of this funding, was replaced in December with local loans.

Accounting principles
This report was prepared in accordance with IAS 34, Interim Financial Reporting. As of 2005, Nefab reports in accordance with IFRS (International Financial Reporting Standards). The accounting principles compared with the most recent annual report changed in conjunction with the transition to IFRS. The new principles and the effects of the transition to IFRS are described in the 2004 Annual Report, page 35, and below in Note 1.

Parent Company
The operations in Nefab AB comprise Group management, financing and coordination of marketing, production and business development. Sales during the year amounted to SEK 74 M (62) and profit after net financial items to SEK 72 M (76).

Proposed dividend
The Board of Directors proposes a dividend of SEK 1.00 per share (0.90 + 0.90) for the year. The total dividend amounts to SEK 27.6 M (24.9 + 24.9). The proposed divided represents 32% of the Group's net profit, which is in line with established policy, in which the dividend over a business cycle shall amount to at least 30% of net profit. Total distributable funds in the Parent Company amount to SEK 285 M and the equity/assets ratio in the Group is 51%. The liquidity reserve amounts to SEK 344 M, which means that after payment of the dividend the company has favorable payment capacity and investment ability.

Share split
In accordance with the decision at the Annual General Meeting, a change in the par value of the Nefab share was carried out in June. This resulted in the number of shares in the company increasing fourfold.

Annual General Meeting
The Annual General Meeting will be held at 4:30 p.m. on Thursday, May 18 in Alfta. Information regarding the registration procedure for the Meeting will be provided in the Annual Report, which will be distributed to shareholders in early April.

Financial reports

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 Chief Financial Officer Anna Stålenbring (tel: +46-70-814 23 44; e-mail: anna.stalenbring@nefab.se).

Stockholm, February 15, 2006

Lars-Åke Rydh
President and CEO

This report has not been examined by the Company's auditors.

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Profit and loss accounts (SEK M)

	0510-0512 3 month	0410-0412 3 month	**0501-0512 12 month**	0401-0412 12 month
Net sales	**410**	350	**1 501**	1 319
Cost of goods sold	**-302**	-261	**-1 101**	-954
Gross profit	**108**	89	**400**	365
Selling expenses	**-46**	-37	**-173**	-147
Administrative expenses	**-34**	-24	**-118**	-93
Other operating income	**1**	-1	**5**	2
Operating profit	**29**	27	**114**	127
Net financial items	**1**	-1	**3**	-4
Profit after net financial items	**30**	26	**117**	123
Taxes	**-7**	-5	**-30**	-32
Net profit	**23**	21	**87**	91
Depreciation included above	***13***	*11*	***48***	*45*
*Profit per share, SEK *)*	***0,82***	*0,76*	***3,15***	*3,29*

**) both before and after full dilution*

Balance sheets (SEK M)	**051231**	041231
Intangible assets	**47**	23
Tangible assets	**274**	247
Financial assets	**19**	6
Inventories etc.	**131**	113
Current assets	**364**	296
Cash and bank	**148**	151
Equity	**501**	444
Long-term liabilities	**150**	89
Current liabilities	**332**	303
Balance sheet total	**983**	836
Of which interest-bearing liabilities	***169***	*94*

Cash flow statements (SEK M)	**0510-0512**	0410-0412	**0501-0512**	0401-0412
Operating profit	29	27	114	127
Depreciation, financial net and taxes	6	22	21	26
Cash flow from the year’s operations	35	49	135	153
Changes in working capital	16	18	-61	-22
Net investments in fixed assets	-14	-21	-81	-47
Cash flow after investments	37	46	-7	84
Dividend	-	-	-50	-21
Financing	34	-18	54	-77
Changes in liquid funds	71	28	-3	-14

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Key ratios

Key ratios	**0510-0512**	0410-0412	**0501-0512**	0401-0412
Gross margin, %	**26.4**	25.5	**26.7**	27.7
Operating margin, %	**7.0**	7.8	**7.6**	9.6
Net margin, %	**7.4**	7.6	**7.8**	9.3
Return on equity, %	**18.5**	19.3	**18.5**	22.2
Return on total capital, %	**13.7**	13.5	**13.5**	16.0
Return on capital employed, %	**20.3**	20.9	**20.3**	23.8
Equity/assets ratio, %	**51.0**	53.1	**51.0**	53.1
Employees, yearly average	**1 610**	1 316	**1 457**	1 265
Net investments, SEK M	**14**	21	**81**	47
Key ratios per share				
Profit per share, SEK	**0.82**	0.76	**3.15**	3.29
Equity per share, SEK			**18.12**	16.06
Number of shares at the end of the Period, in thousands			**27 628**	27 628
Share price on closing day, SEK			**55.75**	44.63

Operating segments	**0510-0512**	0410-0412	**0501-0512**	0401-0412
Net sales				
Nordic countries	**122**	125	**465**	467
Europe (excl. Nordic)	**168**	130	**638**	528
Asia and America	**120**	95	**398**	324
Total	**410**	350	**1 501**	1 319
Operating profit				
Nordic countries	**9**	7	**40**	39
Europe (excl. Nordic)	**11**	10	**46**	66
Asia and America	**11**	8	**31**	23
Undistributed costs	**-2**	2	**-3**	-1
Total	**29**	27	**114**	127

Changes in Shareholders' Equity	**0510-0512**	0410-0412	**0501-0512**	0401-0412
At beginning of the year	**475**	429	**444**	378
Effect of change in accounting principles	**-**	-	**-**	-
Dividend	**-**	-	**-50**	-21
Translation differences	**3**	-6	**20**	-4
Net profit	**23**	21	**87**	91
At end of the year	**501**	444	**501**	444

For definitions, refer to the 2004 Annual Report
Share-related key figures are restated taking into account the split carried out in June 2005.
The effects on Shareholders' equity in conjunction with the transition to IFRS are rounded off to 0 above. For detailed information, see Note 1.
About SEK 100,000 of the Group's net profit is attributable to minority interests. Since the item is insignificant, the line item heading has been eliminated in the financial report above for clarity.

Quarterly data

	Q1/03	Q2/03	Q3/03	Q4/03	Q1/04	Q2/04	Q3/04	Q4/04	Q1/05	Q2/05	Q3/05	Q4/05
Net sales	234	239	262	307	302	326	341	350	337	379	375	410
Cost of goods sold	-173	-176	-190	-224	-213	-232	-249	-261	-248	-281	-271	-302
Gross profit	61	63	72	83	89	94	92	89	89	98	104	108
Selling expenses	-30	-33	-30	-34	-37	-37	-36	-37	-38	-44	-44	-46
Administrative expenses	-20	-20	-20	-21	-24	-24	-21	-24	-28	-27	-28	-34
Other operating income	-	-	-	-	3	-	-	-1	1	1	2	1
Operating profit	11	10	22	28	31	33	35	27	24	28	34	29
Net financial items	-2	-1	-2	-1	-1	-2	-	-1	-	2	-1	1
Profit after net financial items	9	9	20	27	30	31	35	26	24	30	33	30
Taxes	-3	-5	-5	-6	-8	-8	-10	-5	-6	-8	-8	-7
Net profit	6	4	15	21	22	23	25	21	18	22	25	23
Fixed assets	308	307	295	276	272	278	271	276	292	333	328	341
Current assets	452	465	493	513	504	533	553	560	549	531	562	643
Equity	366	347	357	378	405	406	429	444	467	450	475	501
Long-term liabilities	184	188	180	138	104	112	112	89	89	93	90	150
Current liabilities	210	237	251	273	267	293	283	303	285	321	325	332
Balance sheet total	760	772	788	789	776	811	824	836	841	864	890	983
Gross margin, % *)	26.3	25.9	27.5	27.2	29.5	28.8	27.2	25.5	26.5	26.0	27.9	26.4
Operating margin, %	4.8	4.0	8.4	9.2	10.3	10.0	10.4	7.8	7.1	7.3	9,0	7.0
Net margin, %	3.7	3.8	7.7	8.8	10.1	9.4	10.2	7.6	7,0	7.9	8.7	7.4
Return on equity, %	6.2	5.4	16.5	23.4	22.9	22.4	23.7	19.4	15.9	19.0	21.3	18.5
Return on total capital, %	6.3	5.6	11.6	15.1	16.5	16.8	17.7	13.5	11.7	13.2	15.7	13.7
Return on capital employed, %	8.8	7.8	16.4	21.4	23.8	25.4	27.3	20.9	17.8	19.9	23.8	20.3
Equity/assets ratio, %	48.2	45.0	45.4	48.0	52.2	50.1	52.1	53.1	55.6	52.1	53.5	51.0
Profit per share, SEK	0.20	0.18	0.53	0.78	0.81	0.82	0.90	0.76	0.66	0.79	0.89	0.82
Equity per share, SEK	13.24	12.57	12.93	13.69	14.65	14.69	15.53	16.05	16.90	16.29	17.20	18.12
Share price on closing day, SEK	18.38	21.88	22.88	30.50	35.38	39.50	39.75	44.63	48.00	47.70	47.20	55.75

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.*

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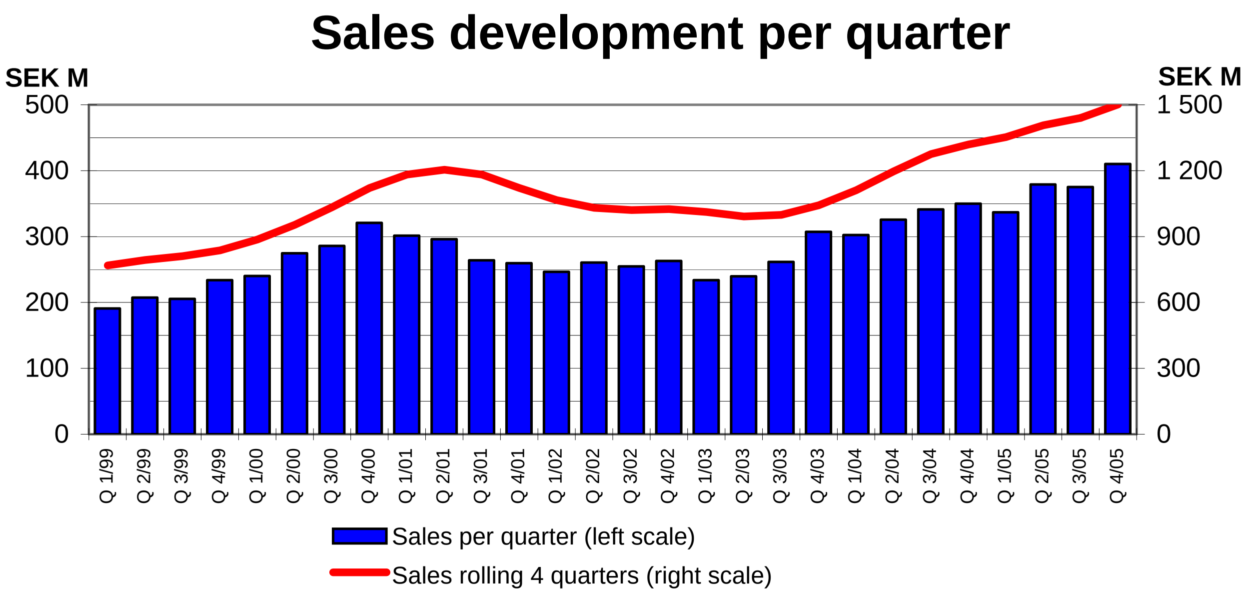

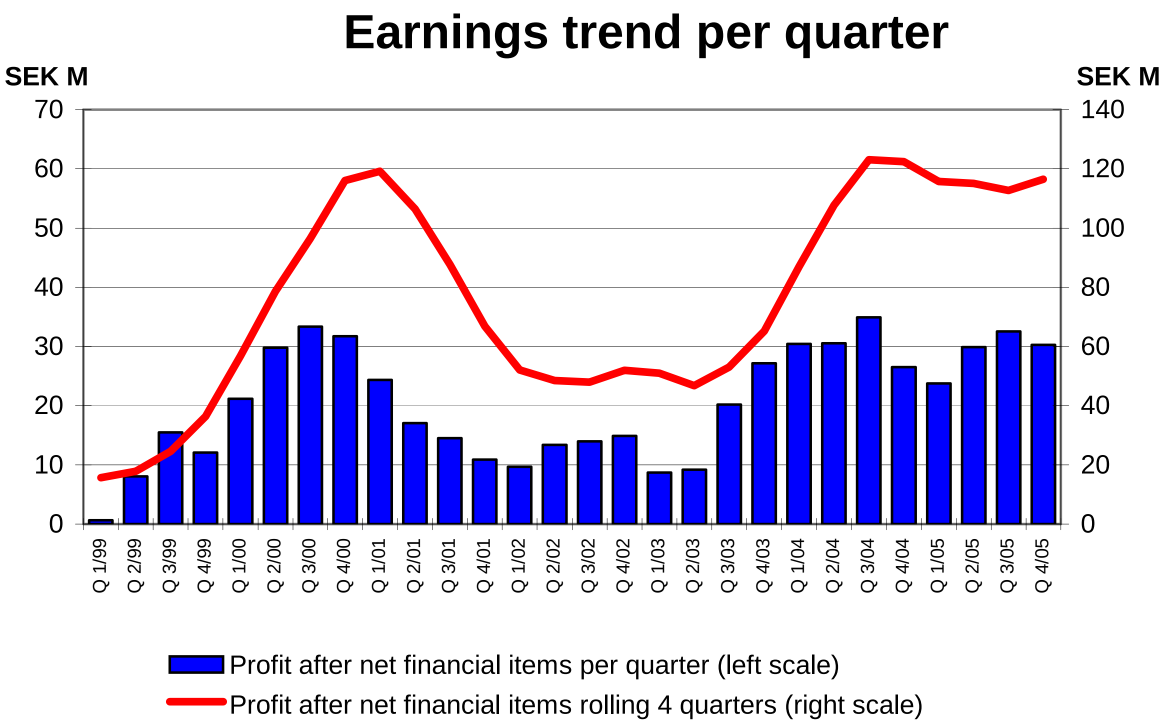

Quarters to Q4/03 are reported in accordance with the Swedish Financial Accounting Standards Council's recommendations. Other quarters are reported in accordance with IFRS.

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 2005 amounted to SEK 1.5 billion. The Nefab share is listed on the Stockholm Stock Exchange.

NEFAB AB (publ.)
SLOTTSGATAN 14 . P O BOX 2184 . SE-550 02 JÖNKÖPING . SWEDEN
TELEPHONE +46(0)771-59 00 00 . TELEFAX +46(0)36-15 04 44 . ORGANIZATION NO. 556226-8143
E-MAIL: info@nefab.se . www.nefab.com
THE REGISTERED OFFICE OF THE BOARD OF DIRECTORS IS IN OVANÅKER, SWEDEN

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Note 1 Transition to reporting in accordance with IFRS

IFRS bridges, Q4 and full-year 2004

Only items affected by the transition to IFRS are reported.

	Quarter 4 / 2004			Full-year 2004		
Consolidated income statement	SwGAAP	IFRS adjustment	IFRS	SwGAAP	IFRS adjustment	IFRS
Selling expenses	-37	-	-37	-148	1	-147
Operating profit	27	-	27	126	1	127
Profit after net financial items	26	-	26	122	1	123
Tax	-5	-	-5	-32	-	-32
Net profit	21	-	21	90	1	91
Depreciation included above	*11*	-	*11*	*46*	-1	*45*

	2004-12-31		
Consolidated balance sheet	SwGAAP	IFRS adjustment	IFRS
Goodwill	17	-10	7
Other intangible assets	1	15	16
Shareholders' equity	443	1	444
Deferred tax liability (long-term)	11	4	15
Balance sheet total	831	5	836

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

	040101	**041231**	**050101**
Shareholders' equity in accordance with SwGAAP	378.4	442.6	442.6
Changes via income statement:			
Reversal of goodwill amortization	-	1.8	1.8
Amortization of intangible assets	-	-1.0	-1.0
Deferred tax	-	0.3	0.3
Changes via balance sheet:			
Adoption of IAS 39	-	-	-0,4
Shareholders' equity in accordance with IFRS	378.4	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 long-term liabilities.

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 0.7 M.

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