Interim Report [1)]
January – June 2005

19 July 2005

Key figures	**April-June 2005**	**April-June 2004**	**January-June 2005**	**January-June 2004**	**Jan.-Dec. 2004**	**Jul.-Jun. 2004/05**
Net sales, SEK m	3,367	2,967	6,221	5,780	11,337	11,778
Operating profit before depreciation, SEK m (EBITDA)	356	348	624	629	1,212	1,207
Operating profit, SEK m (EBIT)	281	277	474	489	930	915
Operating margin, %	8.3	9.3	7.6	8.5	8.2	7.8
Profit after financial items, SEK m	262	251	435	439	840	836
Profit after tax, SEK m	190	174	315	308	592	599
Earnings per share, after dilution, SEK	3.27	3.00	5.43	5.32	10.23	10.34
Return on capital employed, %					23.1	20.9
Return on equity, %					25.7	22.4

- Earnings per share after dilution rose by 2 per cent to SEK 5.43 (5.32)
- The profit after tax rose by 2 per cent to SEK 315 million (308)
- The profit after financial items was SEK 435 million (439)
- Net sales climbed by 8 per cent to reach SEK 6,221 million (5,780). In the second quarter sales climbed by 13 per cent to reach SEK 3,367 million (2,967)
- Organic growth was 4 per cent in the first six months of the year and 8 per cent in the second quarter
- The operating profit (EBIT) reached SEK 474 million (489) including costs of SEK 30 million for the action programme within the UK business. Excluding costs for the action programme, the operating profit climbed by 12 per cent in the second quarter to SEK 311 million (277)
- The operating margin, excluding costs for the action programme, was 8.1 per cent (8.5) for the first six months and 9.2 per cent (9.3) for the second quarter
- Cash flow was up SEK 122 million on last year at SEK 337 million (215)

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Financial information is also available on Nobia's website: www.nobia.se

[1)] The values for 2004 have been recalculated due to the transition to IFRS accounting and amended classification of pensions. The balance between the current and previous accounting principles are available in supplement 1 of this report.

Nobia Group January – June 2005

THE GROUP

Positive sales growth in the second quarter

Net sales in the first six months of 2005 rose by 8 per cent to SEK 6,221 million (5,780). Organic growth was 15 per cent in the Nordic business and 3 per cent in the Continental European business, but sales declined organically in the UK business by 5 per cent. Overall organic growth was 4 per cent in the first half of the year and 8 per cent in the second quarter.

The strong performance of the Nordic business meant that it was the largest business region within the Group in the second quarter in terms of sales.

The downturn in demand on the UK and Continental European markets is estimated to have stabilised. Demand was still lower than the same period last year, however. Demand continued to strengthen in the Nordic region, mainly due to increased activity in the new build segment.

The Group's operating profit (EBIT) for the period was SEK 474 million (489). Excluding costs for the action programme within the UK business, the Group's operating profit in the first half of the year rose to SEK 504 million (489). During the second quarter, the Group's operating profit climbed 12 per cent to SEK 311 million (277), excluding costs for the action programme. The profit increase is primarily attributable to the Nordic business.

In the first half of the year earnings per share rose to SEK 5.43 (5.32).

The previously announced action programme for the UK business proceeded according to plan during the second quarter. The programme focused mainly on organisational changes and meant 45 redundancies among white-collar staff. The savings are expected to reach around SEK 30 million on an annual basis with effect from the second half of 2005.

In the first half of the year the operating margin was 7.6 per cent (8.5). Excluding costs for the action programme in the UK business the operating margin was 8.1 per cent.

Cash flow after investments, but before corporate acquisitions, improved by SEK 122 million to reach SEK 337 million (215). The improvement was mainly due to improved efficiency of working capital.

Market developments in January-June 2005 compared to January-June 2004
Demand in the UK is estimated to have fallen by around 3 per cent. Demand on the Nordic market is estimated to have risen overall by around 7 per cent in total. In Germany, the Netherlands and Austria, demand continued to be below last year's levels. The fall in demand was estimated at around 3 per cent.

Net sales and results

Net sales rose by 8 per cent to SEK 6,221 million (5,780). Adjusted for comparable units[2)] and for currency effects, sales climbed by 4 per cent. Acquired units contributed SEK 278 million.

The operating profit amounted to SEK 474 million (489). Results for the period included costs of SEK 30 million for the action programme in the UK business. Excluding these costs, the operating profit rose 3 per cent to SEK 504 million. The Nordic business increased its operating profit considerably, while the operating profit of the Continental Europe business remained stable. Due to lower sales volumes and costs for the action programme, the operating profit of the UK business decreased.

The operating margin was 7.6 per cent (8.5). Excluding costs for the action programme, the operating margin for the current year is 8.1 per cent.

Financial items amounted to SEK -39 million (-50). The improvement in financial items is mainly due to lower net debt compared to the same period last year.

The profit after financial items was virtually unchanged on last year at SEK 435 million (439).

The tax cost for the period was SEK -120 million (-131), which represents a tax rate of 27.5 per cent (29.9).

The profit after tax was SEK 315 million (308), which represents earnings per share after dilution of SEK 5.43 (5.32). The acquisition of EWE-FM had a positive impact on the profit.

Q2 2005

Net sales rose by 13 per cent to SEK 3,367 million (2,967) compared with the same period last year. Acquired units contributed SEK 157 million. Organic growth was 8 per cent. Compared with Q1, growth improved in all business areas.

The operating profit climbed to SEK 281 million (277). Results for the period included costs of SEK 30 million for action programme in the UK business. Excluding these costs, the operating profit rose by SEK 34 million or 12 per cent. The higher operating profit was mainly due to increased sales within the Nordic business.

The operating margin was 8.3 per cent (9.3). Excluding costs for the action programme, the operating margin was 9.2 per cent.

Cash flow and investments

Cash flow after investments, but before corporate acquisitions, rose to SEK 337 million (215) in the first half of the year. The improvement in cash flow is a result of continued efficient use of working capital. This has partly been counteracted by a higher investment level.

Investments in fixed assets amounted to SEK 200 million (141) in the first half of the year. Investments were higher due to continued store investments in Magnet in the UK

[2)] Excluding EWE-FM, which was acquired as of January 1, 2005, the German business unit, Goldreif, which was divested in 2004, three Poggenpohl stores acquired during 2004 and a further Poggenpohl store, which was acquired in 2005.

and preparatory measures ahead of the transfer to made to order-based production at Magnet's factory in Darlington.

Financial position

The Group's capital employed was SEK 4,602 million compared to SEK 4,391 million at year-end 2004. This has occurred after taking account of the reclassification of pension liabilities, which cut the amount of capital employed, and the introduction of International Financial Reporting Standards (IFRS), which increased capital employed. Currency effects, due to the weakening of Swedish krona, have boosted capital employed by SEK 338 million.

Net debt rose at the period's end and was SEK 1,482 million compared to SEK 1,195 million at year-end 2004. Net debt was reduced by SEK 337 million due to net cash flow from the business and increased by the dividend, company acquisitions and currency effects.

Provisions for pensions, which are part of deductible items in capital employed, amounted to SEK 958 million at the end of the period, compared to SEK 850 million at year-end 2004. The change is mainly attributable to the acquisition of EWE-FM and currency effects.

The translation effect on equity amounted to SEK 183 million due to currency changes. Equity at the end of the period was SEK 2,881 million, compared to SEK 2,557 million at year-end 2004 after taking the introduction of IFRS into account. During the first six months of 2005, dividends totalling SEK 174 million have reduced shareholders' equity.

The equity/assets ratio at the end of the period was 35.4 per cent, unchanged from opening balance 2005. The debt/equity ratio was 51 per cent compared to 47 per cent at the beginning of 2005 after taking the transition to IFRS into account.

BUSINESS REGIONS

The UK business

Net sales reached SEK 2,514 million (2,704), which meant a decline of 7 per cent. Excluding currency effects, sales fell by 5 per cent.

The effects of factors that impacted negatively on sales at the start of the year – stock reductions by stock-holding customers, the closure of unprofitable stores and changed delivery procedures – gradually decreased. Lower levels of demand, however, meant lower sales volumes compared to the same period last year.

Adjusted for currency effects, sales of kitchen, wardrobe and bedroom interiors and joinery fell by a total of 4 per cent compared to the same period last year. Sales of bathroom products continued to fall. The drop in sales of kitchen interiors was mainly for rigid products in the consumer segment.

Within the framework of the ongoing store investment programme at Magnet, seven refurbished stores have so far been re-opened during the year.

The operating profit fell to SEK 122 million (214). This included SEK 30 million in costs for the action programme. Lower sales volumes affected the operating profit negatively. The gross margins for kitchen interiors, rigid and flat-pack, improved. Store overheads climbed mainly as a result of increased manning.

The operating margin fell to 4.9 per cent (7.9). Excluding costs fro the action programme, the margin for the first half of the year was 6.0 per cent.

Q2 2005
Sales were down by 2 per cent to SEK 1,307 million (1,336). Excluding currency effects, sales fell organically by 1 per cent. A higher number of delivery days than in the corresponding period last year had a positive effect. Sales of rigid kitchens remained lower than Q2 last year, while sales of flat-pack products increased.

The operating profit was SEK 42 million (92). This included SEK 30 million in costs for the action programme. The operating margin was down 3.2 per cent from 6.9 per cent in the same quarter last year. Excluding costs for the action programme the margin for Q2 was 5.5 per cent.

The costs for the action programme of SEK 30 million were primarily for staff reductions. This affected 45 white-collar staff, of whom half were employed by the bathroom business, C.P. Hart. The organisation of the kitchens business within C.P. Hart will be transferred to Poggenpohl as of 1 July 2005 and will thus be reported under the Continental European business from that date. This business has sales of around SEK 50 million.

The Nordic business
Net sales rose 16 per cent to SEK 2,443 million (2,110). Excluding currency effects the rise was 15 per cent. Sales climbed in all Nordic countries, with the fastest pace of growth in Norway and Sweden. Growth was mainly driven by increased demand in the new construction sector in Sweden and Norway especially. Continued deepening and further development of strategically important customer relations and higher sales of accessories also contributed to the sales increase.

Growth of flat-pack products was lower than growth of rigid kitchens. A total of 11 new stores, including 3 DIY stores, were opened during the period and 43 stores were refurbished. The first DIY store was opened in Finland.

The operating profit increased by 29 per cent to SEK 345 million (267). The operating margin in the Nordic business improved and reached 14.1 per cent (12.7). Both the operating profit and operating margin were positively affected by increased sales volumes, improved cost-efficiency and increased average order values.

Q2 2005
Sales rose by 20 per cent to SEK 1,381 million (1,149). Organic growth was 19 per cent. A higher number of delivery days than in the corresponding period last year had a positive effect.

The operating profit soared by 29 per cent to SEK 225 million (174). The operating margin climbed to 16.3 per cent (15.1) mainly due to higher volumes and improved cost-efficiency.

The Continental European business
Net sales climbed 29 per cent to SEK 1,319 million (1,022). Acquired units contributed SEK 278 million. Adjusted for currency effects and for comparable units[3], organic growth

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[3] Excluding EWE-FM, which was acquired as of January 1, 2005, the German business unit, Goldreif, which was divested in 2004, three Poggenpohl stores acquired during 2004 and a further Poggenpohl store, which was acquired in 2005.

was 3 per cent. The main reason for the sales increase was higher sales in Germany and exports to Asia. Sales on the German market increased as a result of sales successes for flat-pack products, via both new and existing customers. Sales continued to fall in both the Netherlands and the US.

The operating profit rose by 5 per cent to SEK 63 million (60). The operating margin was 4.8 per cent (5.9). Profits from acquired units and higher sales volumes impacted positively on the operating profit.

Q2 2005
Sales soared by 38 per cent to SEK 704 million (511). Organic growth was 8 per cent. The climb in organic growth was primarily due to higher sales in Germany and increased exports to Asia. Sales in Q2 were also positively affected by a higher number of delivery days than in the same period last year. Acquired units contributed SEK 157 million.

The operating profit was SEK 45 million (38). The improvement was mainly due to higher volumes and the contribution from EWE-FM. The operating margin was 6.3 per cent (7.4). A Poggenpohl store in Switzerland was acquired during the period.

Parent company
The parent company is involved in Group-wide activities and owns the subsidiaries. The profit after net financial items was SEK 83 million (180). The profit was primarily due to dividends from subsidiaries.

Employees
At the end of the period, the Group had 6,794 employees, compared with 6,254 at year-end 2004. The increase is mainly attributable to the acquisition of EWE-FM.

Accounting principles
This interim report has been prepared in accordance with International Financial Reporting Standards, IFRS - IAS 34, Interim Financial Reporting. Nobia’s consolidated accounts are being prepared in accordance with IFRS from 1 January 2005. Comparable figures from 2004 have been recalculated in accordance with IFRS 1.

Up to the end of 2004, Nobia applied the recommendations of the Swedish Financial Accounting Standards Council. The areas where IFRS deviate from the recommendations of the Swedish Financial Accounting Standards Council and which are applicable for Nobia are the reporting of company acquisitions, minority interests and financial instruments. Other IFRS accounting principles applicable for Nobia are in substance with the recommendations of the Swedish Financial Accounting Standards Council. For Nobia, the transition to IFRS has not had any significant impact on the company’s income statement and balance sheets except for reporting of goodwill. In accordance with IFRS, goodwill is no longer amortised on a straight-line basis but will instead be tested regularly for impairment.

Within the framework of the finance policy established by the Board, Nobia hedges its commercial currency exposure. According to Nobia’s previous accounting principles, hedging instruments used for hedging and held until maturity were not valued at the market rate. Nobia applies hedging accounting for contracts that meet the criteria stated in IAS 39. IAS 39 is being applied for the first time from 1 January 2005 without any requirement for recalculation of the 2004 figures for comparison.

The 2004 Annual Report included details about the effects on the most significant items and an indication of how the financial position would have been different if IFRS had been applied instead of the accounting principles valid in 2004.

Supplement 1 presents details of how the transition to IFRS has affected Nobia's accounts and explains how comparable figures for 2004 have been recalculated.

The effects of the transition to IFRS stated in this report and in supplement 1 are preliminary and based on the principles valid now. IFRS is subject to continuous review and approval by the EU, which is why changes may be made up to 31 December 2005.

From 2005 Nobia will report the net sum of discounted interest on pension provisions and the expected return on associated plan assets as part of the operating profit/loss. Up to 2004 this net sum has been reported under financial items. As a consequence, from 2005 pension provisions will be a deduction item when calculating capital employed. Comparable figures for 2004 have been recalculated using the principle for classification used from 2005. The effects of this change have been reported in the 2004 Annual Report and in supplement 1 of this interim report.

With exception of the above adaptations to IFRS, Nobia has applied the same accounting principles and calculation methods for the consolidated accounts as used in the most recent Annual Report.

For definitions of key figures, see Nobia's Annual Report for 2004. Definitions of key figures for Nobia have not been affected by the transition to IFRS except for capital employed and return on capital employed. As explained in the 2004 Annual Report and above, the classification of pension provisions has been changed from 2005.

Stockholm July 19, 2005

Fredrik Cappelen
President and CEO

Nobia AB, corporate reg. no. 556528-2752.

This report has not been reviewed by the company's auditor.

The interim report for the period January – September 2005 will be submitted on October 27, 2005.

Nobia is Europe's leading kitchen interiors company. The Group operates in a number of European markets under strong brand names. Nobia's own specialist kitchen stores and franchise stores are responsible for most of the Group's sales. Nobia is leading the consolidation of the European kitchen market and creating profitable growth by making efficiency improvements and acquisitions, taking an industrial approach. The Group had sales of SEK 11.3 billion in 2004 and has around 6 700 employees. Nobia is listed on the Stockholm Stock Exchange's O-list.

**EWE-FM • Gower • HTH • Invita • Magnet • Marbodal • Myresjökök • Norema • Novart •
Optifit • Poggenpohl • Pronorm • Sigdal**

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Income statement

SEK m	April-June 2005	April-June 2004	January-June 2005	January-June 2004	Jan.-Dec. 2004	Jul.-Jun. 2004/05
Net sales	3,367	2,967	6,221	5,780	11,337	11,778
Cost of goods sold	-2,032	-1,768	-3,777	-3,498	-6,923	-7,202
Gross profit	**1,335**	**1,199**	**2, 444**	**2,282**	**4,414**	**4,576**
Selling and administrative expenses	-1,056	-923	-1,984	-1,791	-3,500	-3,693
Other operating income/expenses	3	1	15	-2	19	36
Share of loss/profit of associates	-1	0	-1	0	-3	-4
Operating profit	**281**	**277**	**474**	**489**	**930**	**915**
Net financial items	-19	-26	-39	-50	-90	-79
Profit after financial items	**262**	**251**	**435**	**439**	**840**	**836**
Taxes	-72	-77	-120	-131	-247	-236
Profit after tax	**190**	**174**	**315**	**308**	**593**	**600**
Profit after tax attributable to:						
Parent company´s shareholders	190	174	315	308	592	599
Minority interests	0	0	0	0	1	1
Profit after tax	190	174	315	308	593	600
Total depreciation	75	71	150	140	282	292
Operating margin, %	8.3	9.3	7.6	8.5	8.2	7.8
Return on capital employed, %					23.1	20.9
Return on equity, %					25.7	22.4
Data per share						
EPS before dilution, SEK	3.29	3.02	5.46	5.34	10.27	10.40
EPS after dilution, SEK	3.27	3.00	5.43	5.32	10.23	10.34
Number of shares before dilution	57,671,220	57,669,220	57,671,220	57,669,220	57,669,220	57,671,220
Average number of shares before dilution	57,669,887	57,669,220	57,669,553	57,669,220	57,669,220	57,669,387
Number of shares after dilution	58,033,119	57,910,497	58,053,133	57,881,407	57,915,278	58,006,286
Average number of shares after dilution	58,031,786	57,910,497	58,051,466	57,881,407	57,915,278	58,004,453

Balance sheet

	30 June		31 Dec.
SEK m	**2005**	**2004**	**2004**
Assets			
Fixed assets			
Goodwill	1,992	1,725	1,645
Other intangible fixed assets	32	27	28
Tangible fixed assets	2,434	2,130	2,093
Deferred tax	205	268	163
Other financial fixed assets	61	57	43
Total fixed assets	**4,724**	**4,207**	**3,972**
Current assets			
Inventories	1,313	1,302	1,147
Accounts receivable, trade	1,502	1,339	1,057
Other receivables	387	351	433
Cash and bank balances	216	142	616
Total current assets	**3,418**	**3,134**	**3,253**
Total assets	**8,142**	**7,341**	**7,225**
Equity and liabilities			
Total equity	**2,881**	**2,374**	**2,557**
Long term liabilities			
Provision for pensions	958	876	850
Deferred tax	150	202	151
Other provisions	55	55	58
Other long-term liabilities, interest bearing	1,613	1,767	1,776
Long-term liabilities	**2,776**	**2,900**	**2,835**
Current liabilities			
Current liabilities, interest-bearing	108	97	58
Current liabilities, non-interest-bearing	2,377	1,970	1,775
Current liabilities	**2,485**	**2,067**	**1,833**
Total equity and liabilities	**8,142**	**7,341**	**7,225**

Key figures relating to the balance sheet

Equity/assets ratio, %	35.4	32.3	35.4
Debt/equity ratio, %	51	71	47
Net debt, SEK m	1,482	1,694	1,195
Capital employed, closing balance, SEK m	4,602	4,238	4,391

Changes in consolidated equity

	30 June		31 Dec.
SEK m	**2005**	**2004**	**2004**
Opening balance	**2,557**	**2,667**	**2,667**
Effect of changes in accounting principles	-	-517	-541
Effect of adopting IFRS, minority interest	-	6	6
Effect of adopting IFRS, currency hedge reserve	7	-	-
Adjusted opening balance	**2,564**	**2,156**	**2,132**
Currency translation differences	196	40	-38
Change in currency hedge reserve	-20	-	-
Total change in equity not reported in the income statement	**176**	**40**	**-38**
Net profit for the year	315	308	593
Dividend	-174[1)]	-130	-130
Closing balance	**2,881**	**2,374**	**2,557**

Accumulated currency translation differences recognised directly in equity amounted to SEK 145 million (40)

[1)] Including a dividend of SEK 1 million to minority shareholders in subsidiaries.

Cash flow statement

SEK m	April-June 2005	April-June 2004	January-June 2005	January-June 2004	Jan.-Dec. 2004	Apr.-Mar. 2004/05
Current activities						
Operating profit	281	277	474	489	930	915
Depreciation	75	71	150	140	282	292
Adjustment for items not included in the cash flow	17	0	1	6	-29	-34
Interest and tax	-27	-56	-87	-88	-239	-238
Changes in working capital	157	15	-13	-192	46	225
Cash flow from operating activities	**503**	**307**	**525**	**355**	**990**	**1,160**
Investment activities						
Investments in tangible fixed assets	-118	-81	-200	-141	-370	-429
Acquisition of subsidiaries	-2	-30	-319	-30	-31	-320
Other items included in investment activities	-8	2	12	1	14	25
Cash flow from investment activities	**-128**	**-109**	**-507**	**-170**	**-387**	**-724**
Financing activities						
Changes in loan debt	-197	-75	-260	-67	-5	-198
Dividend	-174[1)]	-130	-174[1)]	-130	-130	-174[1)]
Cash flow from financing activities	**-371**	**-205**	**-434**	**-197**	**-135**	**-372**
Cash flow for the period excluding exchange rate differences in liquid funds	**4**	**-7**	**-416**	**-12**	**468**	**64**
Opening balance, liquid funds			**616**	**154**	**154**	**142**
Cash flow for the period			**-416**	**-12**	**468**	**64**
Effects of exchange rate changes in liquid funds			**16**	**0**	**-6**	**10**
Closing balance, liquid funds			**216**	**142**	**616**	**216**

Analysis of net debt

SEK m	January-June 2005	January-June 2004	Jan.-Dec. 2004
Opening balance	1,195	1,676	1,676
Translation differences	131	76	-10
Cash flow from current activities including investments etc.	-337	-218	-632
Acquisition of subsidiaries	319	30	31
Dividend	174[1)]	130	130
Closing balance	**1,482**	**1,694**	**1,195**

[1)] Including a dividend of SEK 1 million to minority shareholders in subsidiaries.

Net sales, operating profit and operating margin per business region

Net sales	**April-June**		**January-June**		**Jan.-Dec.**	**Jul.-Jun.**
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	1,307	1,336	2,514	2,704	5,295	5,105
Nordic business	1,381	1,149	2,443	2,110	4,116	4,449
Continental European business	704	511	1 319	1 022	2 031	2 328
Other and Group adjustments	-25	-29	-55	-56	-105	-104
Group	**3,367**	**2,967**	**6,221**	**5,780**	**11,337**	**11,778**

Operating profit	**April-June**		**January-June**		**Jan.-Dec.**	**Jul.-Jun.**
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	42	92	122	214	355	263
Nordic business	225	174	345	267	551	629
Continental European business	45	38	63	60	128	131
Other and Group adjustments	-31	-27	-56	-52	-104	-108
Group	**281**	**277**	**474**	**489**	**930**	**915**

Operating margin	**April-June**		**January-June**		**Jan.-Dec.**	**Jul.-Jun.**
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	3.2	6.9	4.9	7.9	6.7	5.2
Nordic business	16.3	15.1	14.1	12.7	13.4	14.1
Continental European business	6.3	7.4	4.8	5.9	6.3	5.6
Group	**8.3**	**9.3**	**7.6**	**8.5**	**8.2**	**7.8**

Business regions are defined according to where products are made and distributed.

Net sales, operating profit and operating margin per business region
Quarterly data

Net sales

	2005		2004			
SEK m	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	1,307	1,207	1,250	1,341	1,336	1,368
Nordic business	1,381	1,062	1,116	890	1,149	961
Continental European business	704	615	509	500	511	511
Other and Group adjustments	-25	-30	-25	-24	-29	-27
Group	**3,367**	**2,854**	**2,850**	**2,707**	**2,967**	**2,813**

Operating profit

	2005		2004			
SEK m	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	42	80	63	78	92	122
Nordic business	225	120	171	113	174	93
Continental European business	45	18	32	36	38	22
Other and Group adjustments	-31	-25	-30	-22	-27	-25
Group	**281**	**193**	**236**	**205**	**277**	**212**

Operating margin

	2005		2004			
%	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	3.2	6.6	5.0	5.8	6.9	8.9
Nordic business	16.3	11.3	15.3	12.7	15.1	9.7
Continental European business	6.3	3.0	6.3	7.2	7.4	4.3
Group	**8.3**	**6.8**	**8.3**	**7.6**	**9.3**	**7.5**

Business regions are defined according to where products are made and distributed.

Supplement 1 to the Q2 2005 Interim Report

Transition to International Financial Reporting Standards (IFRS)

From 1 January 2005 Nobia's accounting principles comply with International Financial Reporting Standards (IFRS). Comparable figures for 2004 in this interim report have therefore been recalculated using IFRS. The effects of the transition to IFRS on the balance sheets and income statements, cash flow statements and key indicators are presented below.

The effects of the transition to IFRS presented below are preliminary and based upon the current standards, which can be changed up to 31 December 2005.

Company acquisitions

The accounting rules for surplus value in the form of goodwill in company acquisitions have been changed. Acquisitions completed in 2004 and after shall be re-calculated in accordance with IFRS 3, Business Combinations. These new rules mean that a more detailed break-down shall be made of the surplus values in the acquisition. During the transition to the new rules, Nobia will apply the voluntary exemptions that are valid for retroactive application in accordance with IFRS 1, First time adoption of IFRS. As a result no adjustments will be made for acquisitions made before 2004.

Goodwill will no longer be amortised on a straight-line basis according to IFRS 3. Instead the value of goodwill relating to cash-generating units shall be tested for impairment each year on 31 December. In the 2004 Annual Report on page 39 there are details of the break-down of goodwill among cash-generating units along with the assessments and assumptions made when testing for an impairment requirement. The goodwill values that existed in the Nobia Group on 31 December 2004 have been tested and it has been established that no indications of impairments were found.

Minority interests

Minority interests are now disclosed within equity and shall not be deducted from the profit/loss, in accordance with IAS 1 Presentation of Financial Statements. Minority interests shall, however, be disclosed separately under equity. In the profit/loss after tax for the period it shall be specified which amount is attributable to the parent company's shareholders and which amount accrues to the minority interests.

Financial instruments

Nobia hedges its commercial currency exposure within the framework of the financial policy established by the Board. In line with Nobia's previous accounting principles, the derivatives that were used as hedging instruments and were held until maturity were not valued at market rates. On the introduction of IFRS and IAS 39 concerning financial instruments, outstanding currency hedging contracts on 1 January 2005 were valued at the market rate and the net sum of unrealised rate profits and losses was allocated to a currency hedge reserve under equity. Nobia applies hedge accounting to the contracts that meet the criteria for it according to IAS 39. IAS 39 is being applied for the first time from 1 January 2005 without any requirement for recalculation of the 2004 figures for comparison.

Translation differences

On the transition to IFRS Nobia is making the optional exemptions sanctioned in IFRS 1 which enables the accumulated rate differences arising from the recalculation of foreign subsidiaries into SEK, the Group's currency, to be re-set to zero. Accumulated translation differences are reported separately under equity from 1 January 2004.

Effects of IFRS on the Income Statement for 2004

SEK m	Apr.-Jun	Jan.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Dec.
Operating profit (EBIT)					
According to former accounting principles	260	457	190	221	868
Change in classification of pensions[1)]	-8	-16	-9	-8	-33
Operating profit before effects of IFRS	252	441	181	213	835
Adjustment for former goodwill amortisation	25	48	24	23	95
Adjusted operating profit (EBIT)	**277**	**489**	**205**	**236**	**930**
Profit after financial items					
According to former accounting principles	226	391	162	192	745
Adjustment for former goodwill amortisation	25	48	24	23	95
Adjusted profit after financial items	**251**	**439**	**186**	**215**	**840**
Profit after tax					
According to former accounting principles	149	260	102	135	497
Adjustment for former goodwill amortisation	25	48	24	23	95
Adjustment for minority interests[2)]	0	0	0	1	1
Adjusted profit after tax	**174**	**308**	**126**	**159**	**593**

Effects of IFRS on key ratios in the Income Statement for 2004

	Apr.-Jun	Jan.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Dec.
Operating margin, %					
According to former accounting principles	8.8	7.9	7.0	7.8	7.7
Operating margin after reclassification of pensions[1)]	8.5	7.6	6.7	7.5	7.4
Adjusted operating margin	**9.3**	**8.5**	**7.6**	**8.3**	**8.2**
Return on capital employed, %					
According to former accounting principles					18.5
Return on capital employed after adjustment for IAS 19 OB 2004[3)]					18.0
Return on capital employed after reclassification of pensions[4)]					21.0
Adjusted return on capital employed					**23.1**
Return on equity, %[5)]					
According to former accounting principles					19.6
Return on equity after adjustment for IAS 19 OB 2004[3)]					22.0
Adjusted return on equity					**25.7**
EPS before dilution, SEK[6)]					
According to former accounting principles	2.58	4.51	1.77	2.34	8.62
Adjusted EPS before dilution	**3.02**	**5.34**	**2.19**	**2.75**	**10.27**
EPS after dilution, SEK[6)]					
According to former accounting principles	2.57	4.49	1.76	2.33	8.59
Adjusted EPS after dilution	**3.00**	**5.32**	**2.18**	**2.73**	**10.23**

1) The previously reported operating profit is adjusted for the amended classification of pensions. The net worth of the discounted interest on pension liabilities and expected return on associated plan assets, previously reported as net financial items, has negatively impacted the operating profit. The reclassification of pensions has mainly affected the operating profit in the UK business.
2) Profit after tax is now reported before deductions for minority interests. The profit after tax is specified separately concerning the part of the profit attributable to the parent company's shareholders and minority interests respectively.
3) As of 1 January 2004, Nobia is implementing the Swedish Financial Accounting Standards Council's recommendation RR 29 on remuneration to Employees. In accordance with RR29/IAS 19 the opening provisions for pensions on 1 January 2004 were adjusted, after deduction for deferred tax, directly against equity.
4) As a result of reclassification of pensions the pension liabilities now constitute a deduction when calculating capital employed.
5) Return on equity refers to the profit for the year attributable to the parent company's shareholders as a percentage of the average equity with deduction for minority interests.
6) EPS attributable to the parent company's shareholders, i.e. after deduction for the minority interest of the profit after tax. Even prior to the introduction of IFRS the EPS was the part of the profit that was attributable to the parent company's shareholders.

Effects of IFRS on the balance sheet 2004

	2004					2005
Assets, SEK m	**1 Jan.**	**31 Mar.**	**30 Jun.**	**30 Sep.**	**31 Dec.**	**1 Jan.**
Goodwill						
According to former accounting principles	1,619	1,694	1,677	1,613	1,554	1,645
Adjustment for former goodwill amortisation	-	24	48	70	91	-
Adjusted goodwill value	**1,619**	**1,718**	**1,725**	**1,683**	**1,645**	**1,645**
Total assets						
According to former accounting principles	6,460	7,328	7,293	7,085	7,134	7,225
Adjustment for deferred tax etc. according to IAS 19[1)]	223	-	-	-	-	-
Adjustment for former goodwill amortisation	-	24	48	70	91	-
Unrealised exchange gains[2)]	-	-	-	-	-	10
Adjusted total assets	**6,683**	**7,352**	**7,341**	**7,155**	**7,225**	**7,235**

	2004					2005
Equity and liabilities, SEK m	**1 Jan.**	**31 Mar.**	**30 Jun.**	**30 Sep.**	**31 Dec.**	**1 Jan.**
Equity						
According to former accounting principles	2,667	2,331	2,320	2,385	2,459	2,557
Adjusted for effects of IAS 19[1)]	-541	-	-	-	-	-
Adjustment for former goodwill amortisation	-	24	48	70	91	-
Adjusted for minority interests[3)]	6	6	6	6	7	-
Provision to hedge reserve[2)]	-	-	-	-	-	7
Adjusted total equity	**2,132**	**2,361**	**2,374**	**2,461**	**2,557**	**2,564**
Total long-term liabilities						
According to former accounting principles	1,741	1,894	1,767	1,597	1,776	2,835
Adjusted pension provisions according to IAS 19[1)]	764	-	-	-	-	-
Adjustment for provisions [4)]	353	1,147	1,133	1,110	1,059	-
Deferred tax on provision to hedge reserve[2)]	-	-	-	-	-	3
Adjusted total long-term liabilities	**2,858**	**3,041**	**2,900**	**2,707**	**2,835**	**2,838**
Total equity and liabilities						
According to former accounting principles	6,460	7,328	7,293	7,085	7,134	7,225
Adjusted for effects of IAS 19[1)]	223	-	-	-	-	-
Adjustment for former goodwill amortisation	-	24	48	70	91	-
Provision to hedge reserve[2)]	-	-	-	-	-	10
Adjusted total equity and liabilities	**6,683**	**7,352**	**7,341**	**7,155**	**7 225**	**7 235**

1) As of 1 January 2004, Nobia is implementing the Swedish Financial Accounting Standards Council's recommendation RR 29 on remuneration to Employees. In accordance with RR29/IAS 19 the opening provisions for pensions on 1 January 2004 were adjusted, after deduction for deferred tax, directly against equity.
2) Provision for unrealised exchange gains on forward agreements on 1 January 2005 concerning hedge accounting according to IAS 39. Provisions for the hedge reserve in equity after consideration is taken for deferred tax liability. Deferred tax liability is part of provisions in long-term liabilities.
3) The minority interest of equity is now reported on its own as part of equity instead of previously on its own outside equity.
4) Long-term provisions are now reported as a part of long-term liabilities.

Effects of IFRS on key ratios in balance sheet 2004

	31 Mar.	30 Jun.	30 Sep.	31 Dec.
Equity/assets ratio, %				
According to former accounting principles	31.9	31.9	33.7	34.6
Adjusted equity/assets ratio	**32.1**	**32.3**	**34.4**	**35.4**
Debt/equity ratio, %				
According to former accounting principles[1)]	77	73	62	48
Adjusted debt/equity ratio	**76**	**71**	**60**	**47**
Net debt, SEK m				
Formerly reported net debt including pension provisions	2,672	2,570	2,343	2,045
Change in classification of pensions[1)]	-881	-876	-862	-850
Effects of IFRS	-	-	-	-
Adjusted net debt	**1,791**	**1,694**	**1,481**	**1,195**
Capital employed, closing balance SEK m				
According to former accounting principles	5,186	5,066	4,876	5,150
Change in classification of pensions[1)]	-881	-876	-862	-850
Adjustment for former goodwill amortisation	24	48	70	91
Adjusted capital employed	**4,329**	**4,238**	**4,084**	**4,391**

1) 2004's values adjusted for reclassification of pensions. Pensions are now part of a deductible in capital employed.

Effects of IFRS on the cash flow statement for 2004

SEK m	Apr.-Jun.	Jan.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Dec.
Current activities					
Operating profit					
According to former accounting principles	260	457	190	221	868
Change in classification of pensions [1)]	-8	-16	-9	-8	-33
Operating profit before effects of IFRS	252	441	181	213	835
Adjustment for former goodwill amortisation	25	48	24	23	95
Adjusted operating profit	**277**	**489**	**205**	**236**	**930**
Amortisation					
According to former accounting principles	96	188	95	94	377
Adjustment for former goodwill amortisation	-25	-48	-24	-23	-95
Adjusted amortisation	**71**	**140**	**71**	**71**	**282**
Adjustment for items not included in the cash flow					
According to former accounting principles	-8	-10	2	-54	-62
Change in classification of pensions[1)]	8	16	9	8	33
Adjusted items not included in the cash flow	**0**	**6**	**11**	**-46**	**-29**
Change in working capital					
According to former accounting principles	10	-172	26	212	66
Change in classification of pensions[1)]	5	-20	0	0	-20
Adjusted change in working capital	**15**	**-192**	**26**	**212**	**46**
Cash flow from current activities					
According to former accounting principles	302	375	254	381	1010
Change in classification of pensions[1)]	5	-20	0	0	-20
Adjusted cash flow from current activities	**307**	**355**	**254**	**381**	**990**
Financing activities					
Change to debt					
According to former accounting principles	-70	-87	-199	261	-25
Change in classification of pensions[1)]	-5	20	0	0	20
Adjusted change to debt	**-75**	**-67**	**-199**	**261**	**-5**
Cash flow from financing activities					
According to former accounting principles	-200	-217	-199	261	-155
Change in classification of pensions[1)]	-5	20	0	0	20
Adjusted cash flow from financing activities	**-205**	**-197**	**-199**	**261**	**-135**

1) The previously reported operating profit for 2004 has been adjusted for the change in classification of pensions. The net amount of the discounted interest on pension liabilities and expected return on associated plan assets, previously reported in net financial items, has negatively impacted the operating profit. As a result of the reclassification concerning pensions, the pension payments are made up of a deduction item when calculating cash flow for current activities.