Interim Report [1)]
January – September 2005

27 October 2005

Key figures	**July-Sept. 2005**	**July-Sept. 2004**	**Jan.-Sept. 2005**	**Jan.-Sept. 2004**	**Jan.-Dec. 2004**	**Oct.-Sept. 2004/05**
Net sales, SEK m	2,930	2,707	9,151	8,487	11,337	12,001
Operating profit before depreciation, SEK m (EBITDA)	285	276	909	905	1,212	1,216
Operating profit, SEK m (EBIT)	210	205	684	694	930	920
Operating margin, %	7.2	7.6	7.5	8.2	8.2	7.7
Profit after financial items, SEK m	193	186	628	625	840	843
Profit after tax, SEK m	139	126	454	434	592	612
Earnings per share, after dilution, SEK	2.39	2.18	7.82	7.50	10.23	10.54
Return on capital employed, %					23.1	21.3
Return on equity, %					25.7	22.5

- Earnings per share after dilution rose by 4 per cent to SEK 7.82 (7.50)
- The profit after tax rose by 5 per cent to SEK 454 million (434)
- The profit after financial items was SEK 628 million (625)
- Net sales climbed by 8 per cent to reach SEK 9,151 million (8,487). In Q3 sales climbed by 8 per cent to reach SEK 2,930 million (2,707)
- Organic growth was 3 per cent in the first nine months of the year
- The operating profit (EBIT) reached SEK 684 million (694) including costs of SEK 30 million for the action programme within the UK business. The operating profit rose in Q3 to reach SEK 210 million (205)
- The operating margin, including costs for the action programme, was 7.5 per cent (8.2) for the first nine months and 7.2 per cent (7.6) for Q3
- Cash flow was up SEK 143 million on last year at SEK 533 million (390)

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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 – September 2005

SUMMARY

Improved quarterly profit

Nobia's quarterly profit showed improvement despite a weak trend on several key markets. Progress on the Nordic market remained positive. Demand grew by an estimated 6 per cent during the first nine months of the year compared with the corresponding period last year. The buoyancy of the new-build segment in Sweden and Norway is one of the driving factors behind the continued positive performance of the Nordic market. So far this year, Nobia's organic growth has been around 14 per cent for the Nordic business. Deeper co-operation with key customers has been a major factor behind this strong performance. It has led to higher volumes but also higher order value as sales of accessories and services have risen. During Q3, two DIY stores were opened in Finland. The modernisation of the store network throughout the rest of the Nordic region continued.

In our key markets in continental Europe – i.e. Germany, the Netherlands and Austria – we estimate that demand has fallen by around 3 per cent for the period January-September. Meanwhile organic growth for Nobia's Continental business was around 3 per cent. Higher exports were the main driver behind the increase. The integration of EWE-FM, meanwhile, has continued according to plan.

Estimates suggest that demand in the UK market has fallen by around 6 per cent for the period January-September compared with the corresponding period last year. Nobia's organic growth was negative at 6 per cent. Sales in the consumer segment were most affected. Progress in the store network development continues to proceed according to plan. A special initiative has been focused on large stores located centrally in major cities and the stores that have been renovated have produced favourable results. Changes are being made at the Darlington factory, where a transition to order-based production is planned in the first half of 2006.

During the January-September period, net sales climbed 8 per cent to reach SEK 9,151 million (8,487) and the Group's organic growth reached 3 per cent. Organic growth in Q3 was zero, mainly due to weak demand in the UK. The operating profit (EBIT) reached SEK 684 million (694), including a cost of SEK 30 million for the action programme in the UK market announced in the report for the second quarter. Excluding costs for this scheme, the operating profit for January-September rose to SEK 714 million. The Group's operating profit in Q3 rose to SEK 210 million (205).

The profit after financial items for January-September reached SEK 628 million (625). Earnings per share were up by 4 per cent to SEK 7.82 (7.50). Work aimed at freeing up capital in the business has succeeded and cash flow after investments, but before the acquisition of subsidiaries, improved by SEK 143 million to reach SEK 533 million (390). Return on shareholders' equity amounted to 22.5 per cent on an ongoing 12-month basis.

Net sales and results
Net sales rose by 8 per cent to SEK 9,151 million (8,487). Adjusted for comparable units[2)] and for currency effects, sales climbed by 3 per cent. Acquired units contributed SEK 442 million.

The operating profit was SEK 684 million (694). Results for the period included costs of SEK 30 million for the action programme carried out at the UK business during Q2. Excluding these costs, the operating profit rose 3 per cent to SEK 714 million. The Nordic business continued to expand its operating profit, while the operating profit of the Continental Europe business remained stable. Due to lower sales volumes, the operating profit of the UK business declined.

The operating margin was 7.5 per cent (8.2). Excluding costs for the UK action programme, the operating margin for the current year is 7.8 per cent.

Financial items amounted to SEK -56 million (-69). The improvement in financial items is mainly due to lower net debt compared to the same period last year.

The profit after financial items had improved somewhat on last year at SEK 628 million (625).

The tax cost for the period was SEK -173 million (-191), which represents a tax rate of 27.5 per cent (30.6).

The profit after tax was SEK 454 million (434), which represents earnings per share after dilution of SEK 7.82 (7.50). The acquisition of EWE-FM had a positive impact on the profit.

Q3 2005

Net sales rose by 8 per cent to SEK 2,930 million (2,707) compared with the same quarter last year. Acquired units contributed SEK 164 million. Adjusted for currency effects, sales for comparable units were in line with the same period last year, despite a weaker sales performance in the UK business in Q3.

The operating profit climbed to SEK 210 million (205). Profit improvements in the Nordic and Continental European businesses were countered by lower profits for the UK business, which were mainly due to a fall in the sales volume.

The operating margin was 7.2 per cent (7.6). The operating margin improved in the Nordic business but dropped in the UK and Continental European businesses compared with Q3 in 2004.

Cash flow and investments
Cash flow after investments, but before corporate acquisitions, rose to SEK 533 million (390) in the first nine months of the year, despite a higher level of investment than last year. The improvement in cash flow, mainly in the UK business, is a result of continued efficient use of working capital.

Investments in fixed assets amounted to SEK 303 million (222) in January-September. Investments were higher compared with the previous year mainly due to continued store investments and the change to order-based production within Magnet, one of the UK business units.

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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.

Financial position

The Group's capital employed was SEK 4,461 million compared to SEK 4,391 million at year-end 2004[3]. Currency effects, due to the weakening of Swedish krona, have boosted capital employed by SEK 226 million.

Net debt rose at the period's end and was SEK 1,256 million compared to SEK 1,195 million at year-end 2004. Company acquisitions, dividends and currency effects increased net debt by a total SEK 592 million, while cash flow from the business had a positive effect of SEK 530 million.

Provisions for pensions, which are part of deductible items in capital employed, amounted to SEK 942 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 146 million due to currency changes. Equity at the end of the period was SEK 2,979 million, compared to SEK 2,557 million at year-end 2004[3)].

The equity/assets ratio at the end of the period was 37.7 per cent, compared with 35.4 per cent at the start of the year. The debt/equity ratio was 42 per cent compared to 47 per cent at the beginning of 2005[3)].

BUSINESS REGIONS

The UK business

Net sales reached SEK 3,737 million (4,045), which meant a decline of 8 per cent. Excluding currency effects, sales for comparable units fell by 6 per cent[4)].

Adjusted for currency effects, sales of kitchen, wardrobe and bedroom interiors and joinery fell by a total of 6 per cent compared to the same period last year. The drop in sales is mainly due to a weaker consumer segment for both rigid and flat-pack products.

Within the framework of the ongoing store investment programme at Magnet, eight refurbished stores have so far been re-opened during the year. Sales have increased considerably in the stores that have undergone the refurbishment programme.

Sales have continued to fall for bathroom interiors.

The operating profit fell to SEK 181 million (292). This included SEK 30 million in costs for a completed action programme, which was reported during the second quarter. Lower sales volumes mainly in the consumer segment affected the operating profit negatively. The gross margins for kitchen interiors, both rigid and flat-pack, improved. The completed action programme boosted profits from Q3 on.

The operating margin fell to 4.8 per cent (7.2). Excluding costs for the action programme, the margin was 5.7 per cent.

Q3 2005

Sales were down by 9 per cent to SEK 1,223 million (1,341). Excluding currency effects, sales for comparable units fell by 9 per cent. The fall in sales was mainly due to the consumer segment for both rigid and flat-pack products. Sales of joinery products were hit by temporary product-supply problems in connection with the closure of in-house door production.

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[3] After taking into consideration the reclassification of pension liabilities, which reduced capital employed, and the introduction of IFRS, which increased capital employed.

[4] Adjusted for the transfer of the kitchens business at C.P. Hart to Poggenpohl, which organisationally belongs to the Continental European business.

The operating profit was SEK 59 million (78). The operating margin was down to 4.8 per cent from 5.8 per cent in the same quarter last year.

The Nordic business

Net sales rose 16 per cent to SEK 3,482 million (3,000). Excluding currency effects the rise was 14 per cent. Sales climbed in all Nordic countries, with the fastest pace of growth in Sweden, Norway and Denmark. Demand in the new-build sector continued to grow during the period, primarily in Sweden.

The refurbishment and opening of stores, together with higher sales of accessories, contributed to the sales climb in the consumer segment. A total of 15 new stores, including seven DIY stores, were opened during the period and 66 stores were refurbished. The first two DIY stores were opened in Finland.

The operating profit increased by 27 per cent to SEK 482 million (380). The operating margin climbed to 13.8 per cent (12.7). Both the operating profit and operating margin were positively affected by increased volumes and high cost-efficiency.

Q3 2005

Sales rose by 17 per cent to SEK 1,039 million (890). Organic growth was 12 per cent. Growth in Finland and Norway was lower in Q3 than during the first two quarters.

The operating profit climbed by 21 per cent to SEK 137 million (113). The operating margin climbed to 13.2 per cent (12.7) mainly due to higher volumes and improved cost-efficiency. Currency effects impacted positively on the operating profit.

The Continental European business

Net sales climbed 32 per cent to SEK 2,010 million (1,522). Acquired units contributed SEK 442 million. Adjusted for currency effects and for comparable units[5)], organic growth was 3 per cent. The main reason for the sales increase was continued higher exports to Asia and the UK.

The operating profit rose by 9 per cent to SEK 105 million (96). The operating margin was 5.2 per cent (6.3). Profits from acquired units and higher sales volumes impacted positively on the operating profit.

Q3 2005

Sales soared by 38 per cent to SEK 691 million (500). Organic growth was 3 per cent. The climb in organic growth was primarily due to higher exports to Asia. Acquired units contributed SEK 164 million.

The operating profit was SEK 42 million compared with 36 for the same quarter last year. The improvement was mainly due to higher volumes and the contribution from acquired units. The operating margin was 6.1 per cent (7.2).

[5)] 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. Also adjusted for the kitchen business at C.P. Hart (which organisationally belongs to the UK business) that has been transferred to Poggenpohl.

Parent company

The parent company is involved in Group-wide activities and owns the subsidiaries. The profit after net financial items was SEK 70 million (171). The profit was primarily due to dividends from subsidiaries.

Employees

At the end of the period, the Group had 6,796 employees, compared with 6,254 at year-end 2004. The increase is mainly attributable to the acquisition of EWE-FM.

Bonus scheme

The AGM on 27 April 2005 adopted the Board's proposal for a new bonus scheme in the form of a performance-related staff warrants scheme. The warrants enable the owner to acquire shares in Nobia AB during the period 31 May 2008 to 1 March 2009 at a pre-determined subscription price. For conditions and reasoning, see the minutes for the 2005 AGM published in the Corporate Governance chapter on Nobia's website, www.nobia.se.

Staff warrants entail an accounting cost according to IFRS 2. The cost is based on the theoretical value of the warrants adjusted for restrictions on rights of disposition and staff turnover, and it is distributed over the period up to 31 May 2008. Staff warrants may also lead to costs being incurred by the Nobia Group in the form of social fees, which will be booked continually in line with share price performance during the maturity period.

Nomination committee

Owners, representing 26.7 per cent of the capital and votes in Nobia, have appointed a nomination committee to propose, at the 2006 AGM, candidates for election to the Board, their fees, principles governing the appointment of the nomination committee, and a chairman for the AGM. The committee will comprise the following members:
Erik Törnberg, Öresund (chairman)
KG Lindvall, Robur
Kerstin Hessius, Tredje AP-fonden
Fredrik Palmstierna, SäkI
Hans Larsson, Chairman of the Nobia Board

Shareholders are welcome to convey their opinions and proposals to the committee.

AGM

The Annual General Meeting will be held on 29 March 2006 at 4 p.m. in Södra Paviljongen, Vasagatan 1, Stockholm.

Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Financial Accounting Standards Council's recommendation RR 31 "Interim reporting for Groups" and, with regard to the parent company, RR 32 "Reporting for legal entities".

From 1 January 2005, Nobia's consolidated accounts are being prepared in accordance with IFRS as approved by the European Union, EU. Comparable figures from 2004 have been recalculated in accordance with IFRS 1 "First-time adoption of IFRS".

In recent years Swedish accounting principles have been gradually adapted to IFRS and Nobia has therefore already applied IFRS principles to a large extent. The areas where transition to IFRS entails more significant differences for Nobia are the reporting of company acquisitions, minority interests and financial instruments. 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.

The Nobia Group's financial assets and liabilities are primarily classified as assets and liabilities set at their acquisition value. The financial assets and liabilities given a market value are primarily those assets and liabilities reported as hedged.

Within the framework of the finance policy established by the Board, Nobia hedges its commercial currency exposure. Nobia applies hedging accounting for contracts that meet the criteria stated in IAS 39 "Financial Instruments". The Group also hedges its interest rate risks via derivatives. IAS 39 is being applied for the first time from 1 January 2005 without any requirement for recalculation of the 2004 figures for comparison.

Nobia applies hedge accounting for internal currency flows within the Group even though IAS 39, in the version currently approved by EU, does not allow it. The IASB has issued an addition to IAS 39 that permits hedge accounting for internal currency flows if they meet the conditions set by IAS 39 for hedge accounting and the currency risk has an impact on the consolidated profit. This addition has not yet been approved within the EU. Nobia considers that the Group's internal currency hedging qualifies for hedge accounting as it meets the requirements otherwise set by IAS 39.

Hedge accounting means that the unrealised profit and losses that arise with market valuation of hedging instruments and that meet the conditions for hedge accounting are recognised in shareholders equity.

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. As reported in Nobia's 2004 Annual Report and above, the classification of pension liabilities has changed from 2005.

Stockholm 27 October 2005

Fredrik Cappelen
President and CEO

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

Review report

We have reviewed this interim report according to the recommendation issued by FAR.
A review is significantly limited compared with an audit. Nothing has been observed which would indicate that the interim report does not meet the requirements of the Stock Market Law and Annual Accounts Act.

Stockholm 27 October 2005

Öhrlings PricewaterhouseCoopers AB

Robert Barnden

The Financial Statement for January-December 2005 will be submitted on 7 February 2006.

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Income statement

SEK m	July-Sept. 2005	July-Sept. 2004	Jan.-Sept. 2005	Jan.-Sept. 2004	Jan.-Dec 2004	Oct.-Sept. 2004/05
Net sales	2,930	2,707	9,151	8,487	11,337	12,001
Cost of goods sold	-1,800	-1,662	-5,577	-5,160	-6,923	-7,340
Gross profit	**1,130**	**1,045**	**3,574**	**3,327**	**4,414**	**4,661**
Selling and administrative expenses	-927	-835	-2,911	-2,626	-3,500	-3,785
Other operating income/expenses	7	-4	22	-6	19	47
Share of loss/profit of associates	0	-1	-1	-1	-3	-3
Operating profit	**210**	**205**	**684**	**694**	**930**	**920**
Net financial items	-17	-19	-56	-69	-90	-77
Profit after financial items	**193**	**186**	**628**	**625**	**840**	**843**
Taxes	-53	-60	-173	-191	-247	-229
Profit after tax	**140**	**126**	**455**	**434**	**593**	**614**
Profit after tax attributable to:						
Parent company's shareholders	139	126	454	434	592	612
Minority interests	1	0	1	0	1	2
Profit after tax	140	126	455	434	593	614
Total depreciation	75	71	225	211	282	296
Operating margin, %	7.2	7.6	7.5	8.2	8.2	7.7
Return on capital employed, %					23.1	21.3
Return on equity, %					25.7	22.5
Data per share						
EPS before dilution, SEK[1)]	2.41	2.19	7.88	7.53	10.27	10.62
EPS after dilution, SEK[1)]	2.39	2.18	7.82	7.50	10.23	10.54
Number of shares before dilution	57,679,720	57,669,220	57,679,720	57,669,220	57,669,220	57,679,720
Average number of shares before dilution	57,676,887	57,669,220	57,671,998	57,669,220	57,669,220	57,671,303
Number of shares after dilution	58,168,146	57,935,503	58,133,202	57,896,401	57,915,278	58,114,358
Average number of share after dilution	58,165,313	57,935,503	58,125,480	57,896,401	57,915,278	58,105,941

[1)] EPS relating to shareholders in parent company

Balance sheet

ASSETS, SEK m	30 Sept. 2005	30 Sept. 2004	31 Dec. 2004
Intangible fixed assets			
Goodwill	1,953	1,683	1,645
Other intangible fixed assets	30	27	28
	1,983	1,710	1,673
Tangible fixed assets			
Buildings and land	1,412	1,293	1,257
Investments in progress and advance payments	73	30	45
Machinery and other technical equipments	637	549	545
Equipment, tools, fixtures and fittings	290	233	246
	2,412	2,105	2,093
Financial fixed assets			
Other long-term receivables	52	55	43
Shares in associated companies	4	2	0
Deferred tax receivable	195	258	163
	251	315	206
Total fixed assets	**4,646**	**4,130**	**3,972**
Inventories	1,286	1,246	1,147
Current receivables			
Accounts receivable, trade	1,421	1,273	1,057
Other receivables	342	392	433
	1,763	1,665	1,490
Cash and bank balances	206	114	616
Total current assets	**3,255**	**3,025**	**3,253**
Total assets	**7,901**	**7,155**	**7,225**

Balance sheet, cont.

EQUITY AND LIABILITIES, SEK m	30 Sept. 2005	30 Sept. 2004	31 Dec. 2004
Restricted shareholders' equity			
Share capital	58	58	58
Restricted reserves	2,125	2,034	2,001
	2,183	2,092	2,059
Unrestricted shareholders' equity			
Unrestricted reserves	335	-71	-101
Net profit for the period	454	434	592
	789	363	491
Minority interests	7	6	7
Total shareholders' equity	**2,979**	**2,461**	**2,557**
Long-term liabilities			
Provision for pensions	942	862	850
Deferred tax liabilities	162	197	151
Other provisions	49	51	58
Other long-term liabilities, interest bearing	1,340	1,597	1,776
Total long-term liabilities	**2,493**	**2,707**	**2,835**
Current liabilities			
Current liabilities, interest-bearing	142	26	58
Current liabilities, non-interest-bearing	2,287	1,961	1,775
Total current liabilities	**2,429**	**1,987**	**1,833**
Total shareholders' equity and liabilities	**7,901**	**7,155**	**7,225**

Key figures relating to the balance sheet

Equity/assets ratio, %	37.7	34.4	35.4
Debt/equity ratio, %	42	60	47
Net debt, SEK m	1,256	1,481	1,195
Capital employed, closing balance, SEK m	4,461	4,084	4,391

Changes in consolidated equity

SEK m	Share capital	Restr. reserves	Unrestr. Shareholders' equity	Total	Minority interests	Total Shareholders' equity
Opening balance 2004	**58**	**1,999**	**93**	**2,150**	**6**	**2,156**
Currency translation differences		6	-5	1	0	1
Total change in equity not reported in the income statement	**-**	**6**	**-5**	**1**	**0**	**1**
Net profit for the period			434	434	0	434
Transfer between restricted and unrestricted shareholders' equity		29	-29	0		0
Dividend			-130	-130	-	-130
Shareholders' equity 30 Sept. 2004	**58**	**2,034**	**363**	**2,455**	**6**	**2,461**
Opening balance 2005	**58**	**2,001**	**491**	**2,550**	**7**	**2,557**
Effect of adopting IFRS, currency hedge reserve			7	7		7
Adjusted opening balance 2005	**58**	**2,001**	**498**	**2,557**	**7**	**2,564**
Currency translation differences		75	71	146	0	146
Change in currency hedge reserve			-14	-14		-14
Total change in equity not reported in the income statement	**-**	**75**	**57**	**132**	**0**	**132**
Net profit for the period			454	454	1	455
Transfer between restricted and unrestricted shareholders' equity		48	-48	0		0
New share issue	0	1		1		1
IFRS 2-compensation expenses for share based optionprogram			1	1		1
Dividend			-173	-173	-1	-174
Shareholders' equity 30 Sept. 2005	**58**	**2,125**	**789**	**2,972**	**7**	**2,979**

Accumulated currency translation differences recognised directly in equity amounted to SEK 108 million (1).

Cash flow statement

SEK m	July-Sept. 2005	July-Sept. 2004	Jan.-Sept. 2005	Jan.-Sept. 2004	Jan.-Dec. 2004	Oct.-Sept. 2004/05
Current activities						
Operating profit	210	205	684	694	930	920
Depreciation	75	71	225	211	282	296
Adjustment for items not included in the cash flow	6	11	7	17	-29	-39
Interest and tax	-29	-59	-116	-147	-239	-208
Changes in working capital	29	26	16	-166	46	228
Cash flow from operating activities	**291**	**254**	**816**	**609**	**990**	**1,197**
Investment activities						
Investments in tangible fixed assets	-103	-81	-303	-222	-370	-451
Aquisition of subsidiaries Note 1	1	-	-318	-30	-31	-319
Other items included in investment activities	8	2	20	3	14	31
Cash flow from investment activities	**-94**	**-79**	**-601**	**-249**	**-387**	**-739**
Financing activities						
Changes in loan debt	-204	-199	-464	-266	-5	-203
New share issue	1	-	1	-	-	1
Dividend	0	-	-174[2)]	-130	-130	-174
Cash flow from financing activities	**-203**	**-199**	**-637**	**-396**	**-135**	**-376**
Cash flow for the period excluding exchange rate differences in liquid funds	**-6**	**-24**	**-422**	**-36**	**468**	**82**
Opening balance, liquid funds			**616**	**154**	**154**	**114**
Cash flow for the period			**-422**	**-36**	**468**	**82**
Effects of exchange rate changes in liquid funds			**12**	**-4**	**-6**	**10**
Closing balance, liquid funds			**206**	**114**	**616**	**206**

Analysis of net debt

SEK m	Jan.-Sept. 2005	Jan.-Sept. 2004	Jan.-Dec. 2004
Opening balance	1,195	1,676	1,676
Translation differences	97	38	-10
Cash flow from current activities including investments etc.	-530	-393	-632
Acquisition of subsidiaries	321	30	31
Dividend	174[2)]	130	130
New share issue	-1	-	-
Slosing balance	**1,256**	**1,481**	**1,195**

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

Note 1 Acquisition of subsidiaries

On 3 January 2005 Nobia acquired 100 per cent of the share capital in Nobia Beteiligungs-GmbH (previously Ing. Pacher Beteiligungs-GmBH) and Nobia Liegenschafts- und Anlagenverwaltungs-GmbH (previously EWE Ing. Pacher & Co. GmbH) hereafter jointly known as EWE-FM. EWE-FM is primarily active in Austria.

On 21 March 2005 Nobia acquired 100 per cent of the share capital in a Poggenpohl store in Switzerland.

Acquired net assets and goodwill, SEK m	
Purchase amount including acquisition costs	318
Deferred purchase amount	2
Fair value of acquired net assets	-132
Goodwill	**188**

Assets and liabilities included in acquisition, SEK m	**Fair value**	**Acquired book value**
Liquid assets	0	0
Tangible fixed assets	155	114
Intangible fixed assets	1	1
Other shares and participations	11	11
Inventories	42	42
Accounts receivable	65	65
Liabilities	-94	-94
Pension commitments	-40	-31
Provisions for guarantees	-1	-4
Financial liabilities	-1	-1
Deferred tax, net	-6	3
Acquired net assets	**132**	**106**

Cash-adjusted purchase amount including acquisition costs	318
Liquid assets in acquired subsidiaries	0
Change in Group's liquid assets following acquisition	**318**

Net sales, operating profit and operating margin per business region

Net sales

	July-Sept.		Jan.-Sept.		Jan.-Dec.	Oct.-Sept
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	1,223	1,341	3,737	4,045	5,295	4,987
Nordic business	1,039	890	3,482	3,000	4,116	4,598
Continental European business	691	500	2,010	1,522	2,031	2,519
Other and Group adjustments	-23	-24	-78	-80	-105	-103
Group	**2,930**	**2,707**	**9,151**	**8,487**	**11,337**	**12,001**

Operating profit

	July-Sept.		Jan.-Sept.		Jan.-Dec.	Oct.-Sept
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	59	78	181	292	355	244
Nordic business	137	113	482	380	551	653
Continental European business	42	36	105	96	128	137
Other and Group adjustments	-28	-22	-84	-74	-104	-114
Group	**210**	**205**	**684**	**694**	**930**	**920**

Operating margin

	July-Sept.		Jan.-Sept.		Jan.-Dec.	Oct.-Sept
SEK m	**2005**	**2004**	**2005**	**2004**	**2004**	**2004/05**
UK business	4.8	5.8	4.8	7.2	6.7	4.9
Nordic business	13.2	12.7	13.8	12.7	13.4	14.2
Continental European business	6.1	7.2	5.2	6.3	6.3	5.4
Group	**7.2**	**7.6**	**7.5**	**8.2**	**8.2**	**7.7**

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

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

Net sales

	2005			2004			
SEK m	**III**	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	1,223	1,307	1,207	1,250	1,341	1,336	1,368
Nordic business	1,039	1,381	1,062	1,116	890	1,149	961
Continental European business	691	704	615	509	500	511	511
Other and Group adjustments	-23	-25	-30	-25	-24	-29	-27
Group	**2,930**	**3,367**	**2,854**	**2,850**	**2,707**	**2,967**	**2,813**

Operating profit

	2005			2004			
SEK, m	**III**	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	59	42	80	63	78	92	122
Nordic business	137	225	120	171	113	174	93
Continental European business	42	45	18	32	36	38	22
Other and Group adjustments	-28	-31	-25	-30	-22	-27	-25
Group	**210**	**281**	**193**	**236**	**205**	**277**	**212**

Operating margin

	2005			2004			
%	**III**	**II**	**I**	**IV**	**III**	**II**	**I**
UK business	4.8	3.2	6.6	5.0	5.8	6.9	8.9
Nordic business	13.2	16.3	11.3	15.3	12.7	15.1	9.7
Continental European business	6.1	6.3	3.0	6.3	7.2	7.4	4.3
Group	**7.2**	**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 Q3 2005 Interim Report
Transition to International Financial Reporting Standards (IFRS)

In line with a decision taken within the EU, all listed companies shall report their consolidated accounts in accordance with the international accounting principles established by the International Accounting Standards Board, IASB. These international principles are presented in standards called IAS and IFRS. The EU shall approve IASB standards before they obtain legal force. As yet the EU has not approved all sections of IAS 39 “Financial Instruments”.

From 1 January 2005 Nobia’s accounting principles comply with International Financial Reporting Standards (IFRS) as intended for application within the EU. The effects of the transition to IFRS on the balance sheets and income statements, cash flow statements and key indicators are presented below.

IFRS 1 “First-time adoption of IFRS” contains rules for the transition from other principles previously used to IAS/IFRS. IFRS 1 also includes special voluntary transition rules to be used the first time a company reports according to IAS/IFRS. The optional transition rules that Nobia has chosen to apply are explained under section headings below.

The transition date for IFRS is 1 January 2004, which means that comparable figures from 2004 are restated using IFRS rules in accordance with IFRS 1. IAS 39 and 32 concerning financial instruments are applied from 2005 and onward, which means that the balance on 31 December 2004 has not affected the latter rule.

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 and goodwill

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 in accordance with IFRS 1. 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.

Previously reported goodwill depreciation was reported among “Cost of sold goods” in the gross profit under operating profit. In the balance sheet the value of goodwill as of 1 January 2004 has been adjusted for depreciation of goodwill made in 2004.

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. Earnings per share (EPS), before and after dilution, are reported as previously with regard to earnings attributable to the parent company’s shareholders.

Financial instruments

In accordance with IAS 39, all financial assets and liabilities, including hedging instruments in the form of derivatives, shall be reported depending on how they are classified, either at their market value or their acquisition cost. For assets and liabilities reported at market value the profit/loss arising from reassessment shall be reported in the income statement or under equity, depending on whether hedge accounting is observed or not.

For Nobia the main change in the transition to IAS 39 is that the market value of financial assets and liabilities that is hedged is entered on the balance sheet. Nobia hedges its commercial currency exposure within the framework of the financial policy established by the Board. Furthermore the Group hedges its interest rate risks via derivatives.

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, 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 for internal currency flows within the Group even though IAS 39, in the version currently approved within the EU, does not permit hedging of inter-Group currency flows. The IASB has issued an addition to IAS 39 that permits hedge accounting for internal currency flows if they meet the conditions set by IAS 39 for hedge accounting and the currency risk has an impact on the consolidated profit. This addition has not yet been approved within the EU. Nobia considers that the Group's internal currency hedging qualifies for hedge accounting as it meets the requirements otherwise set by IAS 39.

IAS 39 and IAS 32 concerning financial instruments is applied from 1 January 2005 without a requirement for restatement of the 2004 figures for comparison.

Translation differences

The overall translation difference in shareholders' equity shall, in accordance with IAS 21 "The effects of Changes in Foreign Exchange Rates", be reported separately and, in the event of a future sale of the subsidiary, be returned to the income statement as a part of the sale. 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 on 1 January 2004. Accumulated translation differences from 1 January 2004 are therefore not reported separately but are included on each line for restricted and unrestricted reserves. Accumulated translation differences are reported separately under shareholders' equity from 1 January 2004.

Remuneration to employees

From 1 January 2004 Nobia is applying in its consolidated accounts the Swedish Financial Accounting Standards Council's recommendation RR 29 "Remuneration to employees". RR 29 is in accordance with IAS 19 "Employee Benefits". In line with IAS 19 Nobia amortises actuarial profit and loss, i.e. the differences that arise due to changed actuarial assumptions, over the average remaining employment period to the extent that this difference lies outside the so-called "corridor". The "corridor" represents 10 per cent of the higher of the value of total pension assets and pension liabilities. On the transition to IFRS Nobia is applying the option provided in IFRS 1 whereby all accumulated actuarial profit and loss is reported on the balance sheet on the transition to IFRS on 1 January 2004, instead of the division of these figures in a recognised part and unrecognised part from the start of the pension plans up to the point of adoption of IFRS.

Effects of IFRS on the Income Statement for 2004

SEK m	Jul.-Sep.	Jan.-Sep.	Oct.-Dec.	Jan.-Dec.
Operating profit (EBIT)				
According to former accounting principles	190	647	221	868
Change in classification of pensions[1)]	-9	-25	-8	-33
Operating profit before effects of IFRS	181	622	213	835
Adjustment for former goodwill amortisation [2)]	24	72	23	95
Adjusted operating profit (EBIT)	**205**	**694**	**236**	**930**
Profit after financial items				
According to former accounting principles	162	553	192	745
Adjustment for former goodwill amortisation	24	72	23	95
Adjusted profit after financial items	**186**	**625**	**215**	**840**
Profit after tax				
According to former accounting principles	102	362	135	497
Adjustment for former goodwill amortisation	24	72	23	95
Adjustment for minority interests[3)]	0	0	1	1
Adjusted profit after tax	**126**	**434**	**159**	**593**

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

	Jul.-Sep.	Jan.-Sep.	Oct.-Dec.	Jan.-Dec.
Operating margin, %				
According to former accounting principles	7.0	7.6	7.8	7.7
Operating margin after reclassification of pensions[1)]	6.7	7.3	7.5	7.4
Adjusted operating margin	**7.6**	**8.2**	**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[4)]				18.0
Return on capital employed after reclassification of pensions [5)]				21.0
Adjusted return on capital employed				**23.1**
Return on equity, % [6)]				
According to former accounting principles				19.6
Return on equity after adjustment for IAS 19 OB 2004[4)]				22.0
Adjusted return on equity				**25.7**
EPS before dilution, SEK [7)]				
According to former accounting principles	1.77	6.28	2.34	8.62
Adjusted EPS before dilution	**2.19**	**7.53**	**2.75**	**10.27**
EPS after dilution, SEK [7)]				
According to former accounting principles	1.76	6.26	2.33	8.59
Adjusted EPS after dilution	**2.18**	**7.50**	**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) Previously reported goodwill depreciation was included in ”Cost of sold goods” in the gross profit within operating profit.
3) 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.
4) 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.
5) As a result of reclassification of pensions the pension liabilities now constitute a deduction when calculating capital employed.
6) 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.
7) 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	Jul.-Sep.	Jan.-Sep.	Oct.-Dec.	Jan.-Dec.
Current activities				
Operating profit				
According to former accounting principles	190	647	221	868
Change in classification of pensions [1)]	-9	-25	-8	-33
Operating profit before effects of IFRS	181	622	213	835
Adjustment for former goodwill amortisation	24	72	23	95
Adjusted operating profit	**205**	**694**	**236**	**930**
Amortisation				
According to former accounting principles	95	283	94	377
Adjustment for former goodwill amortisation	-24	-72	-23	-95
Adjusted amortisation	**71**	**211**	**71**	**282**
Adjustment for items not included in the cash flow				
According to former accounting principles	2	-8	-54	-62
Change in classification of pensions[1)]	9	25	8	33
Adjusted items not included in the cash flow	**11**	**17**	**-46**	**-29**
Change in working capital				
According to former accounting principles	26	-146	212	66
Change in classification of pensions[1)]	0	-20	0	-20
Adjusted change in working capital	**26**	**-166**	**212**	**46**
Cash flow from current activities				
According to former accounting principles	254	629	381	1,010
Change in classification of pensions[1)]	0	-20	0	-20
Adjusted cash flow from current activities	**254**	**609**	**381**	**990**
Financing activities				
Change to debt				
According to former accounting principles	-199	-286	261	-25
Change in classification of pensions[1)]	0	20	0	20
Adjusted change to debt	**-199**	**-266**	**261**	**-5**
Cash flow from financing activities				
According to former accounting principles	-199	-416	261	-155
Change in classification of pensions[1)]	0	20	0	20
Adjusted cash flow from financing activities	**-199**	**-396**	**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.